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ECONOMIC REPORT OF THE GOVERNOR 1988

GEORGE DEUKMEJIAN
GOVERNOR
STATE OF CALIFORNIA

GEORGE DEUKMEJIAN
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO 95814

July 20, 1988

To the Senate and Assembly of the Legislature of California:

As Governor of California, it gives me great pleasure to once again report on the extraordinarily good economic health of our State. California continues as the fastest growing economy in the nation and number one in attracting new jobs.

During this Administration, we have cut the unemployment rate in half and added 2.4 million new jobs to an economy that is steaming toward its sixth consecutive year of unbroken expansion. We have done it by making a commitment: to maintaining a sound fiscal climate without raising taxes, to checking the growth of State government and to unleashing the power of private enterprise by reducing unnecessary roadblocks to job-producing business development and expansion.

As we approach the 21st century, we need to prepare ourselves for the many challenges that await us. That means bolstering our education system, providing our citizens with rewarding jobs, standing guard over our public safety, strengthening our transportation system, and preserving our natural resources. Only in this way can we protect our quality of life and make sure our children and grandchildren have the opportunity to live, work, and raise a family in the best state in the nation.

Most cordially,

George Deukmejian

George Deukmejian

HIGHLIGHTS

Business Climate

For the past 5 years, this Administration has worked to ensure that California offers a healthy environment for business growth. Government cannot guarantee success for a business venture, but it can create a positive business climate for entrepreneurs. The Industrial Development Research Council recently named California the number one choice for companies locating and expanding new facilities.

California has seen particular success in the small business community. Today, 94 percent of all companies in the State have fewer than 50 employees and one-third of all workers are employed by small businesses. The Administration has given strong support to our Small Business Development program. Loans and grants to small businesses have increased and several new loan programs have been initiated, including one which provides below-market rate loans for making changes to conserve energy and another for small businesses for reducing hazardous waste generation.

Beginning this fall, the State will operate a statewide telephone referral system to assist small minority businesses with a wide-range of services, including information about business loans, taxation, unemployment insurance, international trade and upcoming business conferences.

The tourism promotion campaign, Rural Renaissance program and the establishment of enterprise zones across California have also helped to stimulate small business activity and create more jobs for California residents.

Enterprise Zones

Beginning January 1, 1985, the State has designated enterprise zones in economically distressed areas throughout the State. The Enterprise Zone program is designed to promote economic and business activity through public incentives to private businesses who agree to locate in the designated, economically distressed areas. To date, 16 enterprise zones have been established statewide and are proving quite successful in attracting businesses to disadvantaged areas.

Foreign Trade

California is America's gateway to business opportunities throughout the world. Five years ago, goods handled by California's world-class ports amounted to $50 billion a year. Since then, their value has more than doubled. Today, trade delivers paychecks to well over one million Californians; and by the year 2000, exports and imports are expected to account for one-quarter of the State's total output.

The Administration's efforts began with $500,000 in 1983 and has burgeoned into a $12 million annual investment to carve out new business opportunities throughout the world. Today, California spends nearly one-half of what the other 49 states combined devote to international trade. Our Export Finance Program has backed more than $60 million in overseas sales and helped to create or preserve an estimated 1,200 jobs.

Last year, California opened trade and investment offices in Japan and the United Kingdom. We will continue to expand this international effort as the 1988–89 Budget calls for the opening of a third trade office in Mexico City. Our representatives in these offices will continue to work with foreign leaders to urge the elimination of trade restrictions and wasteful subsidies. Free, fair and growing trade is the message that California is sending to the rest of the world.

Jobs

One of the most fruitful undertakings of this Administration has been to increase job opportunities. In December 1982, 11 percent of employable Californians were out of work. Things have drastically changed. Since that time, nearly 2.5 million jobs have been created here in California—more than have been created in all Western Europe this decade. The unemployment rate has fallen to its lowest level in nearly two decades. In five years unemployment has been cut from its 11 percent level to the low- to mid- 5

percent range. With the size and diversity of California, we see the continued prospect of full employment.

Education

Five years ago this Administration embarked on a statewide educational reform movement to raise classroom standards and inspire superb academic achievement. A key ingredient to this plan was the designation of education as the number one spending priority. Since that time, spending for kindergarten through 12th grade has grown nearly six times faster than student enrollment. The total funding level in the 1988–89 Budget for all education programs is nearly $25 billion.

As funds become available, this Administration will continue to direct additional resources to our educational system. We view excellence in education as a key element in our success as a leader in the nation and the world. We must continue this effort to make our citizens competitive in the job market because, on the average, college graduates earn $640,000 more over their lifetime than nongraduates do.

But our commitment doesn't end there. We are also dedicated to developing new, long-term strategies for reform and change. Educational quality depends not only on how much money is available, but also how it is spent. Our mission is to inspire teachers, administrators, students and parents to strive for academic excellence so that our young people can enjoy the ever-widening possibilities of America's most prosperous state.

Information Technology

Information technology has become a vital part of California's infrastructure. It is being used by State agencies to design highways, map lands and resources, dispatch firefighting equipment to forest and grassland fires, screen newborn infants for genetic disorders, and share information about job openings throughout the State.

At a time when Americans are growing concerned about losing our technological edge to competitors overseas, we have it all here. Our State leads the world in basic research. One-third of all the nation's high technology companies are found in California and our universities and industry perform $19 billion worth of research.

Advanced technology and high-speed communication have dramatically improved our daily lives. Even more exciting, however, is the search for new applications of what we already know—ideas that promise to unlock the door to further human progress.

Taxes

All of these efforts, and much more, have been accomplished without the necessity of raising state taxes. Thanks to our responsible policies, California has lost its distinction as a high tax state. Just a decade ago, California had the third highest state and local tax burden in the nation. Now California is 25th in the nation in taxation. This has been accomplished through a series of reform efforts, such as Proposition 13; indexing of the income tax; repeal of the business inventory tax, inheritance tax and gift tax; modification of the unitary tax; and lowering income tax rates for individuals and their businesses. In fact, last year 34 other states raised taxes and this year 14 states are considering tax hikes. California now has the distinction of having the most progressive and fair tax laws in the nation.

GEORGE DEUKMEJIAN, Governor

STATE OF CALIFORNIA

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

July 20, 1988

The Honorable George Deukmejian
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Deukmejian:

I am pleased to submit to you California's 1988 Economic Report of the Governor for transmission to the Legislature.

This report provides a review of the State's economy over the past year and an outlook of where it is heading for the coming year. Information is drawn from a wide range of sources--other State agencies, various publications and private sector experts.

Once again, California's economy is outperforming the nation and most of the states. Because we have such a dynamic and diversified economy with no dependence on any one sector, there is strong potential for sustained growth.

I again wish to pay tribute to the Department of Finance staff and the various departments who contributed in the development of this report.

Very truly yours,

JESSE R. HUFF
Director of Finance

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I. OVERVIEW

THE NATION

Any discussion of California should reasonably start with an overview of the nation. California impacts, and is impacted by, events occurring in the rest of the country. Given this, a review of national developments is appropriate.

Growth in 1987 was average: a gain of 2.8 percent in real gross national product, employment up 2.5 percent, personal income higher by 5.5 percent, and inflation at 3.6 percent. The federal budget deficit remained high, and the trade deficit showed only marginal improvement.

In effect, the economy appears to have shifted to a path which is likely to be characterized by somewhat uneven growth rates from one quarter to the next, but on a generally moderate uptrend.

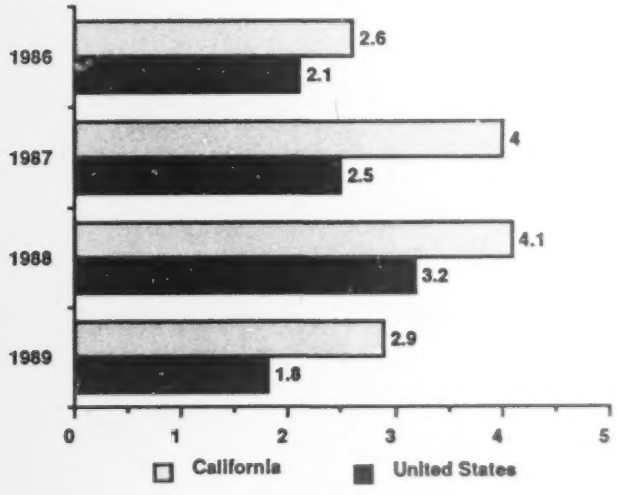
The national forecast which served as the basis for the California data included in this Report called for moderate growth, reflecting the uncertainty which surrounds even the best indicators at the present time.

There are a number of factors which suggest the national economy will continue to expand, although at a slow pace:

- The Federal Reserve has held to a fairly steady policy, with interest rates moving within a narrow range.
- Single family housing activity remains strong, although higher mortgage rates are likely to cut into demand later this year.
- Export markets are firming with the devaluation of the dollar, creating new markets for agriculture and manufacturing.
- Industrial production has been trending higher.
- Inflation is still moderate, despite some well-publicized increases in commodity prices.
- Employment gains are widespread, and the unemployment rate is still moving lower.
- Oil prices have stabilized, and no shortfall in supply seems likely for the next several quarters.

The national forecast prepared in April reflected the improved level of confidence which gradually developed after the first of the year. The Fed's concern with the course of economic events, for instance, led to easing to stimulate activity early in the year. This was more recently followed by a modest tightening,

Growth in Wage and Salary Employment
(Percent change)



with interest rates moving up by one-half percent. These policy moves were widely anticipated. In many respects it appears that the Fed is attempting to "fine tune" the economy, and thereby insure continued growth both this year and next. If successful, this would mark the first time that the Fed has been able to achieve a "soft landing"—an economic slowdown to remove imbalances, while still avoiding a downturn.

Even so, there are four critical aspects in the outlook: the consumer, investment trends, inventories, and the trade balance.

The consumer sector

Of these, the consumer is probably the most important. Consumer spending accounts for nearly two—thirds of all GNP, and unexpected changes in demand can have repercussions for numerous other sectors. Employment gains have been unexpectedly strong in recent months. Income is rising at a strong percentage pace. Such favorable developments notwithstanding, consumers appear to have taken on a more cautious mood. Sales for many retailers have been disappointing for several months.

Big ticket items reflect these cautions. Car sales, for instance, are strong when incentive programs are in place. The removal of incentives, however, leads to an abrupt dropoff in demand. The forecast is based on the assumption that rebates or financing programs continue for much of the year, and that new car sales amount to 10.4 million for all of 1988. Spending on other durable and nondurable goods will be moderate.

Softness in the consumer sector is somewhat surprising given the strength in related indicators, and is one reason for concerns about the course of the economy in 1989. There are a number of factors which suggest that future gains may have to come from other sources.

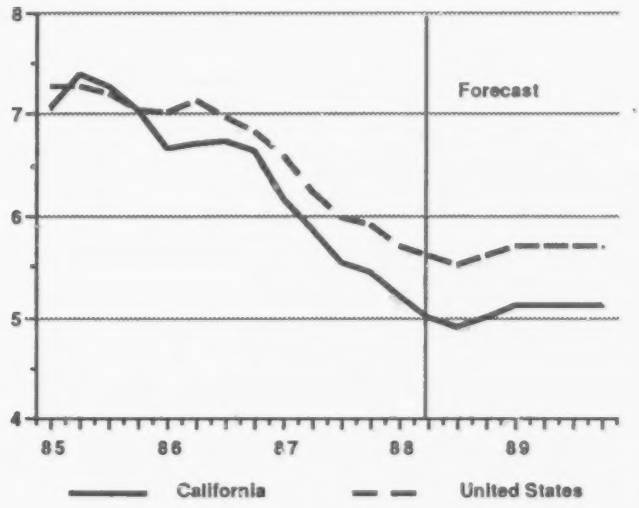
The consumer has been on a spending spree since the recovery got underway at the end of 1982. Debt levels have climbed sharply in relation to income as a result, possibly inhibiting major purchases. Rising prices on imports reflecting the decline of the U.S. dollar could also be exerting a drag on demand. There have even been suggestions that consumer demand has been largely met, and that further gains will be modest in comparison with past trends.

The one aspect which does not appear to be having an impact is concern over developments in financial markets. The October 19 stock market decline had only a temporary impact on consumer behavior. The strong growth rates during the last quarter of 1987 and the first quarter of 1988 undoubtedly helped calm fears that a major slowdown was imminent.

Investment

With the consumer pulling back somewhat, the economy will be more dependent than usual on investment activity. Investment trends are somewhat mixed. Plant and equipment spending was up strongly in the first quarter, led by a surge in computer orders. There should be continuing benefits from

Unemployment Rate
(Percent)



the weakness of the dollar. U.S. producers have a strong incentive to increase capacity and replace outmoded equipment as export markets improve. This will permit firms to take advantage of their competitive price position in foreign markets. U.S. manufacturers have also seen demand pick up for capital equipment. Another source of strength is coming from foreign investment. Foreign manufacturers are finding it advantageous to open U.S. facilities to take advantage of relatively lower production costs in this country.

Other nonresidential investment may be held in check, however, by uncertainties over the consumer market. Tax reform in 1986 also cut into activity in this area, since shelter considerations were a factor in a number of projects. Beyond this, vacancy rates for office space, in particular, remain high in many areas of the country, which will deter major new projects until the backlog of available space is worked off.

Residential investment appears to have stabilized in recent months. Housing starts have leveled out around a 1.5 million rate. Single family units have remained fairly strong, while multi–family units continue soft. Changes in federal tax laws at the end of 1986 reduced writeoffs for multiple units, leading to an abrupt drop in activity. Vacancy rates are also holding down apartment construction, as many areas of the nation are faced with a significant excess supply of units. Demand stays good for single units, although the recent rise in interest rates is expected to be reflected in at least a temporary slowdown in new construction.

The inventory question is paramount in most forecasts. The buildup in inventories in the final quarter of 1987 and the first quarter 1988 suggest that subsequent quarters could see a significant working down in stocks, perhaps even leading to a negative quarter of GNP. There are already signs that production schedules are being cut back to bring stocks into a better relationship with demand.

Foreign trade

The net export picture is still clouded. Monthly trade data have shown notable improvement over the past six or eight months, with gains in exports outstripping the growth in imports. It now appears likely that the trade figures will contribute significantly to real GNP in 1988 and 1989, with the nation's trade deficit falling to $105 billion by the end of 1989.

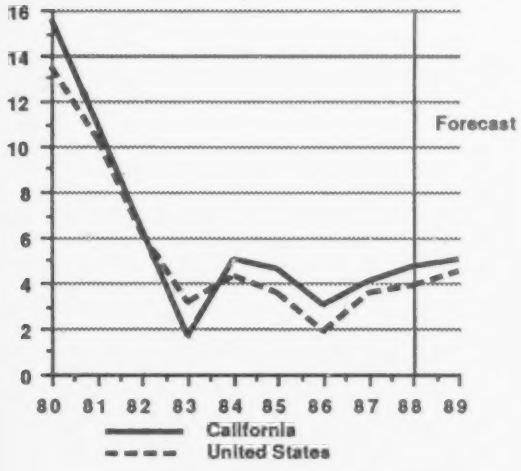
Government

State and local government purchases are following their recent trend of moderate growth in line with gains in personal income. Federal spending, however, appears to be declining in real terms as cuts to reach the Gramm-Rudman-Hollings target take place. Even defense spending has leveled out, although work in the pipeline is reportedly sufficient to maintain existing projects for at least another year or two.

In this environment of moderation there will be few startling achievements. Corporate profits, for instance, are expected to be up only slightly in 1988, reflecting tax accounting changes as well as modest economic growth.

Personal incomes and employment will increase slowly. Employment

Trends in Inflation
The Consumer Price Index
(Annual percent change)



gains in the first few months of 1988 were surprisingly strong. More moderate increases are expected for the balance of this year. The unemployment rate is also likely to continue to edge lower, although, with the nation already at virtually a full-employment level, significant reductions will be harder to achieve.

The low jobless rate indicates unusually tight labor markets in many areas, with severe shortages of workers in some markets. This situation could well place a constraint on expansion in coming months.

The six-year expansion

The current expansion has been one of the longest on record, going onto six years. To a large extent this has been possible by the moderate rate of growth over the past two years. In fact, the periods of slower activity which have occurred have been equivalent in some respects to minor adjustments which have removed potential pressures from the economy.

This is a primary factor behind the continued expansion forecast for 1988, and further — although slower — growth for 1989. The chance that a mild downturn may develop in 1989 should not be ignored, however. There are a number of indica-

TABLE I–1
THE NATIONAL OUTLOOK FOR 1988 AND 1989
(Dollars in billions)

	1988	*Percent Change*	*1989*	*Percent Change*
Gross national product $1982	$3,931	2.9	$4,013	2.1
Consumption expenditures	2,547	2.0	2,594	1.8
Durables	402	3.6	412	2.4
Nondurables	875	−0.3	883	0.9
Services	1,269	3.1	1,299	2.3
Investment	731	6.3	738	0.9
Nonresidential structures	132	5.8	138	4.6
Producers' durable equipment	364	12.5	370	1.5
Residential	198	0.6	201	1.6
Inventory change	37	—	30	—
Net exports	−123	—	−106	—
Government	777	0.7	788	1.4
Federal civilian	66	−8.0	66	−0.5
Federal military	264	−0.3	263	−0.3
State and local	447	2.7	460	2.8
GNP deflator (1982=100)	121.3	3.3	126.3	4.1
GNP, current dollars	4,768	6.2	5,069	6.3
Personal income	3,983	6.3	4,204	5.6
Corporate profits before taxes	279	1.7	324	16.2
Wage and salary employment (mill.)	105	3.2	107	1.8
Unemployment rate (percent)	5.6	—	5.7	—
Housing starts (thous.)	1,510	−7.6	1,550	2.8
New car sales (mill.)	10.4	1.4	10.2	−2.6
Consumer price index	118.1	3.9	123.4	4.5

Percent changes calculated from unrounded data.

tors which suggest that a period of retrenchment may occur sometime within the next two years. Certainly nothing is more difficult to call than the exact quarter of a downturn, or even the basic reason for its coming about.

CALIFORNIA

The California economy continues to surprise most observers, with gains significantly above the national average.

Employment, income, retail sales, and housing activity, to cite four broad measures, all suggest that the State is in a good position to achieve further growth.

This Economic Report will cover a variety of sectors, highlighting the diversity of California's economy and the dynamic interactions of various industries. The broad scope of activity in this state, in fact, contributes to its strength. No single industry dominates. In many respects, California is a microcosm of the entire United States, with similar trends, problems, concerns and topical issues demanding attention.

This year there is one major factor which should serve as a backdrop to the discussion which follows: population growth.

Population trends

Between July 1, 1987 and July 1, 1988, California's population increased by 662,000, or 2.5 percent. This was the largest gain in history in absolute terms, and the largest percentage growth since 1964. It followed on a 2.4 percent rise in 1987. These growth figures compare very favorably with the approximately 1 percent growth being recorded for the entire U.S.—a rate which has been virtually unchanged since the early 1970s. California accounted for 11.4 percent of the nation's population as of mid-1987. It appears, in fact, that population gains for California have returned to the relatively strong levels associated with sustained economic expansion.

A significant part of this development must be attributed to net migration into California. From mid-1986 to mid-1987 the state gained 376,000 from this source, on top of 359,000 in 1986. This marks a reversal of the slowdown which persisted during the late 1960s and much of the 1970s.

Data available on migrants to California reveal much about the state. Between mid-1986 and mid-1987, for instance, approximately 57 percent of net immigrants were foreign, while 43 percent represented individuals from other states.

Foreign migrants are primarily from South East Asia, Korea, Taiwan, the Philippines and Mexico. It should be noted that this figure is not affected by the immigration amnesty program. Individuals who qualified for resident status under that program were already in the U.S.—presumably in California—and therefore counted in prior years.

The 57 percent share actually understates the role of foreign migrants, since refugees who are originally settled in other states and then move to California are counted under the domestic category. In the past, the foreign component has been an even greater proportion of all migration. The swing factor is the trend in domestic migration.

TABLE I–2
Population and Labor Force Trends
(in thousands)

	1987	*1988*	*1989*
Total population (July 1)	27,663	28,108	28,675
Percent change	2.5	1.6	2.0
Civilian labor force	13,747	14,170	14,623
Percent change	3.1	3.1	3.2
Civilian employment	12,955	13,459	13,876
Percent change	4.1	3.9	3.1
Unemployment	792	711	747
Percent change	−11.0	−10.1	5.1
Unemployment rate	5.8	5.0	5.1
Nonagricultural wage and salary employment	11,709	12,193	12,550
Percent change	4.0	4.1	2.9

Source: California Employment Development Department
California Department of Finance

California draws residents from other states especially when business conditions are more favorable than in other regions. Between mid-1986 and mid-1987, the preponderance of domestic migrants came from Texas—an estimated 20,000. Illinois came in second with 17,000, followed by New York and Michigan, each with 8,000, and Ohio, at 7,000.

From these data it appears that the overall business situation in California must be credited with being a major factor in migration. The energy-related recession in Texas over the past two years, for instance, undoubtedly stimulated much of the exodus to California.

The movement from the north central and eastern industrial states is less easily explained. The fact that the state's jobless rate is at an 18-year low may prove a strong attraction to workers faced with relocation in other states.

An additional consideration for foreign migrants is the existence in California of large ethnic minorities. These provide important focal points for new residents faced with adapting to a different culture.

Natural increase was approximately the same in 1987 as between 1985 and 1986, with 492,000 births and 211,000 deaths.

The overall growth rates of the past two years have marked a significant change from the 1.9 to 2.2 percent range which prevailed from the mid-1970s until now. The situation has implications which cut across many areas. Any analysis of the California economy is dependent on several key series, among them employment and population. These and other series are estimated in part on the basis of population levels and changes. Personal income is an example. The recent population figures suggest that income gains will come in on a higher trend than previously expected.

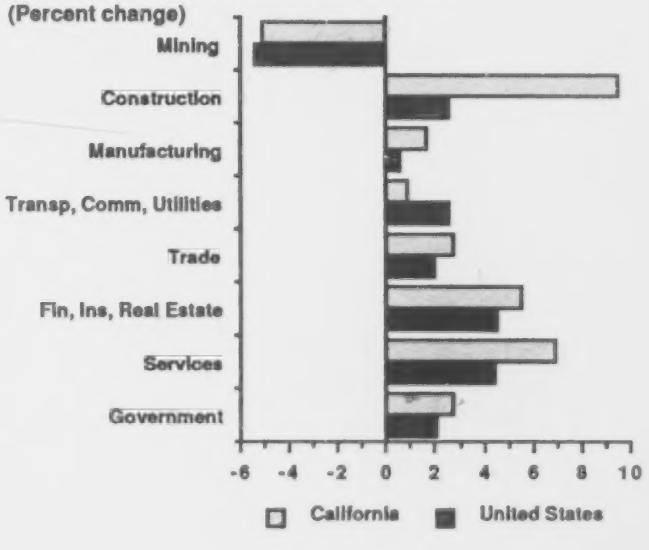
Labor force and employment

The population data may also explain the strength in employment which has continued even as the nation was showing a moderating trend. Civilian employment, which includes wage and salary earners, agricultural workers, proprietors, household workers and unpaid family workers, was up 4.1 percent in 1987, compared with a 2.6 percent gain in the nation.

The labor force grew by a lesser amount, 3.1 percent. As a result, the unemployment rate declined sharply. For all of 1987 the jobless rate amounted to 5.8 percent. By December, however, the rate was down to 5.2 percent. In the first months of 1988, the rate eased further, to a low of 5.0 percent in March.

Nonagricultural wage and salary employment, a measure widely used to indicate relative performance, was up nearly 4 percent in 1987. This series has the advantage of being based on a comprehensive monthly sample of employers which provides information on individual industries. The data are subject to sampling problems, however. Employment changes are due in large part to small business, which is variously defined as firms with less than 20 employees, or as many as 500. Because of their size, such firms are not able to maintain constant staffing during a business cycle. They are often the first to increase hiring during an upturn, and the first to lay off when business ac-

Employment Changes by Industry, 1987



tivity slows. They experience a high failure rate during the initial formation years. They are also, not surprisingly, underrepresented in the monthly employer sample, which is heavily weighted toward larger firms.

Data are available quarterly, however, which capture all the job holders in the state. The official wage and salary series are adjusted to these data, or benchmarked, each March. Since the necessary information is actually available more frequently, the data can be benchmarked each quarter. While this results in more frequent revisions, it also ensure that the series is tracking actual developments. In effect, it is picking up the changes which occur primarily in small business, and which are a solid indicator of current economic activity. The Department of Finance calculates the industry data, which is referred to as the "interim" series on employment. It should be noted that the data are identical to the official Bureau of Labor Statistics Employment Development Department series historically. Data for the past 9 to 18 months are different since they reflect more current reports.

The interim employment series are also used in developing quarterly data on personal income, which are heavily dependent on average wage estimates.

As a general rule, the interim series increases at a faster rate than the official series during expansions and declines more during downturns.

All the employment data used in this Report refer to the interim series for 1987, and the forecasts given take off from this series. The series are available on request monthly, with two-digit industry detail on an unadjusted basis and seasonally adjusted figures for the aggregated totals.

Approaching full employment

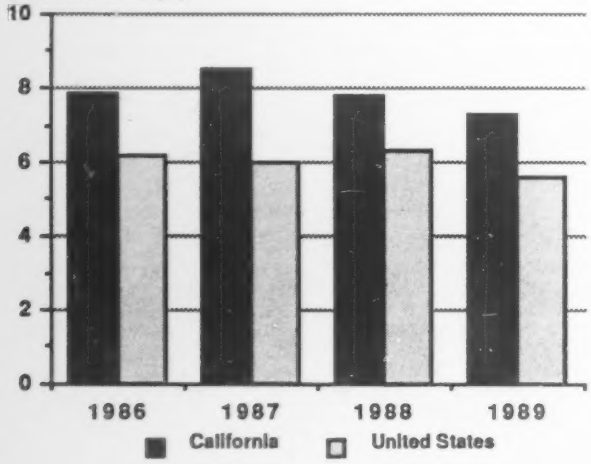
The state's performance in 1987 indicated that many areas of the State are already at a full employment level, and that future job growth is likely to be achieved to a significant extent through migration. Frictional unemployment—reflecting movements from one job to another—accounts for part of the jobless rate. Beyond this, an unemployment rate below 5 percent generally implies difficulties in matching available job skills with job openings.

In effect, the strong growth achieved in the past two decades was attributable to the "baby boom" generation entering the labor force, and to the increasing labor force participation of women. Both of these factors have worked their way through the system, and growth rates are reverting to a level more consistent with the change in population.

There are concerns that critical labor shortages are developing which will hold back growth in the future. In some counties, for instance, jobless rates are below 4 percent, and workers are being sought from neighboring counties. Shortages are leading firms to seek out employees from less traditional sources, including the retired population. So far the situation has not resulted in upward wage pressures, although this remains a source of concern.

Reducing unemployment further will still be difficult, since those on jobless roles frequently lack the skills required for the types of jobs available.

Personal Income
California and United States
(Percent change)



There has been extensive debate in the past on the merits of further expansion in various densely populated areas. Growth limitation initiatives, height restrictions, and moratoriums on housing developments have reflected concerns that past rates of growth could not occur without dramatic changes in an area—changes that were perceived as potentially damaging to California's established life style.

It is not the intent of this report to develop this issue. There are certainly cogent arguments on each side of the case. Some of the immediate repercussions of the past five years growth can be identified, however.

The California outlook

The overall forecast for California reflects the slowdown which is expected nationally. Even so, the outlook is for a pace of activity above that achieved nationally, with balanced gains in virtually all sectors. Civilian employment is projected up 3.9 percent this year, and 3.1 percent next. Labor force growth is expected to amount to 3.1 percent in 1988 and 3.2 percent in 1989. As a result the unemployment rate drops to an average 5 percent this year, and remains at approximately that level—5.1 percent—in 1989. Total wage and salary employment increases by slightly more than 4 percent this year, and about 3 percent next.

Each of the component sectors is discussed in the chapters which follow. A statistical summary of the entire forecast is included at the end of the report.

Gross state product

There are two significant impending changes which will interest analysts of the California economy. The U.S. Department of Commerce has undertaken publication of gross state product data, or GSP, for the 50 states. The first data, for 1963–86, were published in the May 1988 *Survey of Current Business*, which was distributed in July. The GSP series is available in some detail, with information organized on an industry basis. A review of the data appears in the July 1988 *California Economic Indicators*.

Labor force sample change

A second change relates to the Current Population Survey, or CPS, used to develop labor force, employment and unemployment data. Over the years there have been periodic changes in the number of households surveyed for the labor force series. At the peak, California had approximately 5,600 households in the national sample, which permitted the release of specific data for both the State and Los Angeles metropolitan area.

TABLE I–3
PERSONAL INCOME IN CALIFORNIA, 1988 AND 1989

	1988		*1989*	
	Billions	*Percent change*	*Billions*	*Percent change*
Total	$533.5	7.8	$572.7	7.3
Wages and Salaries	319.0	8.4	345.5	8.3
Other labor income	30.1	6.7	31.9	6.0
Proprietors' income	52.3	9.1	54.8	4.7
Farm	5.5	6.1	5.7	4.4
Nonfarm	46.8	9.5	49.0	4.7
Interest	71.6	9.0	77.0	7.6
Dividends	11.8	10.3	12.9	9.4
Rent	5.0	5.8	5.0	−0.8
Transfer payments	68.9	6.2	73.0	6.0
Less: Contributions for social insurance	25.6	15.8	27.7	8.2

Percent changes calculated from unrounded data
Source: California Department of Finance

Subsequent cuts brought the survey size down to 4,000 and—most recently—to 3,080. The last cut became effective in April 1988. With it, no labor force data below the state level will be released from the CPS. The cut may also affect the quality of data on income and other socioeconomic factors which are derived from sample questions during the year.

The labor force data may show more erratic moves from one month to the next from this point on. This could well be magnified in the unemployment rate. In effect, analyses of monthly labor force data should take into account the trend over a period of several months. It is quite possible that abrupt shifts in the jobless rate will occur, for instance, only to be offset by developments in succeeding months.

Data for Los Angeles County were affected immediately. Through March 1988, the labor force series was taken directly from the CPS report. Beginning with April, the series was derived from the Handbook Method—a procedure prescribed by the U.S. Bureau of Labor Statistics for estimating labor force statistics for sub state areas.

Figures can vary considerably depending on the whether the CPS or Handbook Method was used. In the case of Los Angeles, the jobless rate for 1987, which was 5.7 percent on the CPS basis, would have been 5.1 percent on the Handbook Method. In general, the handbook process understates unemployment somewhat since it relies heavily on claims for unemployment insurance (UI), and misses those individuals who are not drawing UI. The latter would include those who have exhausted their insurance benefits, do not qualify for UI payments or have recently entered the labor force but have not yet located employment.

The labor force and unemployment rate data will continue to be forecast for the State, but they will not be the critical elements on the forecast. Analytical emphasis will be on the wage and salary series derived from the more complete sample data on jobs.

The forecast for California is updated during the year. Users are invited to request the latest outlook summary from the Economic Research Unit, California Department of Finance, 1025 P Street, Sacramento, CA 95814.

TABLE I-4
THE CALIFORNIA OUTLOOK

				Percent Change—Prior Year		
	1987	*1988*	*1989*	*1987*	*1988*	*1989*
Civilian employment (thousands)	12,955	13,459	13,876	4.1	3.9	3.1
Unemployment rate (percent)	5.8	5.0	5.1			
Nonagricultural employment (thousands)	11,709	12,193	12,550	4.0	4.1	2.9
Personal income ($ million)	494,707	533,477	572,670	8.5	7.8	7.3
California Consumer Price Index (1982–84 = 100)	116.6	122.1	128.3	4.1	4.7	5.0
Housing units authorized (thousands)	249*	214	224	−17.9	−11.7	4.4

* Housing data were revised after the May Revision forecast was prepared.

II. THE CONSUMER SECTOR

Viewed from either the income or product side of the ledger, households—the consumer sector—are the crucial element in the economy. Consumption expenditures account for nearly two-thirds of the nation's gross national product. Personal income is an amount equal to over 83 percent of GNP.

California, which accounts for 11.4 percent of the nation's population, generates over 13 percent of U.S. personal income. More than 12 percent of retail sales are made through California outlets. The state no doubt accounts for a larger share of total consumer spending. The retail figures exclude a substantial portion of spending on services, particularly housing related services, which feature prominently in many California household budgets.

Figures from the U.S. Bureau of the Census, comparable for both the U.S. and California, show a 7.2 percent increase in the State's retail sales, well above the national figure of 5.1 percent. The rise in sales was underwritten by a sharp advance in personal income of 8-1/2 percent, far outpacing the nation's 6 percent increase.

Retail Sales

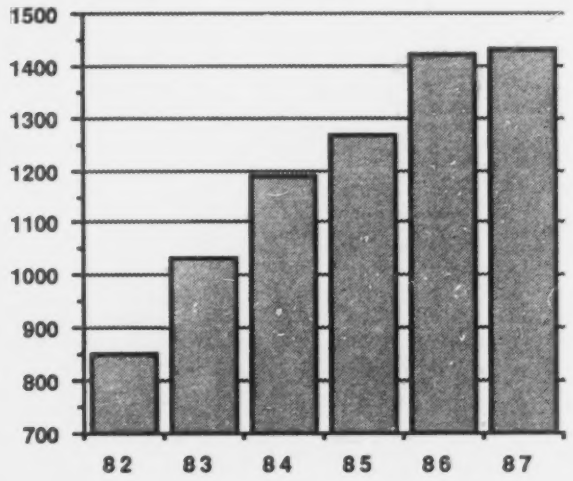
Information on retail sales for the State comes from two sources. The U.S. Bureau of the Census series, quoted above, is based on a sample of retailers around the nation, covering both goods and services sold through retail outlets. The Census Bureau data are broad in coverage and comparable to retail sales data published for the entire country.

However, the Census data provide only a minimal breakdown of sales by type of store and because they are based on a sample, are subject to sampling error, which can be important at the state or local level. Nationally, the sample is large enough to minimize the effects of sampling variability.

The second source is the California Board of Equalization. The Board receives quarterly reports on all sales subject to the sales and use tax. These are published by type of store, which permits analysis of individual categories of retail trade. However, some categories of sales are not taxable and therefore not covered by the Board's taxable sales figures. The major categories excluded are grocery food items, prescription drugs and services. The Board also provides data on taxable nonretail transactions.

Census retail sales for California amounted to $180.9 billion in 1987, an increase of 7.2 percent over

California New Auto Registrations
(In thousands)



1986. With California consumer prices up 4.1 percent last year, the increase in real volume was around 3 percent. The real gain was about twice the national increase of 1.5 percent.

Taxable sales, including retail and nonretail transactions, totaled $231.9 billion in 1987, an annual gain of 6.6 percent. The retail portion amounted to $150.2 billion, but the increase of 5.9 percent was considerably less than the 7.2 percent indicated by the Census figures.

The automotive group, with 1987 sales of $42.6 billion, is the largest retail category. Sales increased by less than 1 percent, reflecting a 3.6 percent drop in new car dealer sales, which amounted to $23.4 billion. Car sales in 1986 had been particulary strong, boosted by the Federal tax law which eliminated the sales tax deduction at the end of that year. Gasoline service stations posted a 6 percent gain, of which about 2 percent represented increased gasoline consumption, with prices having risen by 4 percent.

The taxable figures indicate a very strong performance by general merchandise stores, with sales up 11 percent to $25.6 billion. General merchandise stores include the major department and chain stores, where sales have been notably weak. Indeed, Census figures suggest a 3.6 percent decline in sales by California department stores last year. Part of the reason for the disparity may be the growing popularity of warehouse type discount outlets. Because most of these have opened only recently, they may not be fully reflected in the Census retail figures.

Specialty stores posted the largest percentage gain, rising 12.4 percent to $18.3 billion. Within this group, sporting goods stores sales jumped 33 percent, while gift and art stores were up 20 percent.

The taxable portion of food and liquor store sales were down almost 1 percent, to $14.6 billion. This is the category most heavily affected by exempt food sales, and the drop would not imply a fall off in total sales of these outlets.

All other categories of retail trade, including apparel, eating and drinking places, furnishings and appliances, building materials, and farm equipment stores reported increases in the range of 7-1/2 to 8-1/2 percent. The solid gain in farm equipment store sales is further evidence of recovery in the agricultural sector.

The outlook for retail sales depends in part on consumer confidence. Following last October's stock market sell off, one major concern was that eroding confidence would lead to a curtailment in spending. While sales slowed in November and December, the early months of 1988 have seen a return to moderate growth.

The Conference Board's Consumer Confidence Index rose from 85.4 in January 1987 to a peak of 115.7 in September. Following the break in stock prices, the index dipped to 100.8 in November. But in Decem-

TABLE II–1
RETAIL TRADE BY CATEGORY
(In millions)

	1987	*Percent Change*
Bureau of the Census		
Total Retail Trade	$180,928	7.2
California Board of Equalization		
Total taxable sales	$231,870	6.6
Retail	150,252	5.9
General Merchandise stores	25,637	11.0
Apparel stores	7,694	8.5
Specialty stores	18,321	12.4
Eating and drinking group	19,538	7.5
Food and Liquor stores	14,572	−0.9
Home furnishings, appliances	7,909	8.6
Building material group	11,148	8.6
Farm equipment	2,863	8.1
Automotive group	42,571	0.6
New car dealers	23,393	−3.6
Gasoline service stations	12,308	6.0
Nonretail	81,618	8.0

ber and subsequent months the index recovered and in March stood at 112.8, very near the 1987 peak. The damage from Wall Street, if any, was minor and quickly repaired.

Another important element, especially in sales of big ticket items such as cars, furniture and appliances, is the household debt situation. Consumer debt figures are available only for the nation, but it is likely that household debt patterns are similar in California to national behavior.

Consumer debt, usually defined to exclude mortgage credit, reached a record proportion of personal income in early 1987, and there was considerable concern that households were unwilling or unable to support further increases in debt. However, the debt to income ratio was little changed throughout the year, while sales of cars and big ticket items held up reasonably well.

A certain amount of difficulty exists when interpreting the debt to income ratio. For one thing, changes in Federal tax law have encouraged the substitution of home equity debt for conventional consumer borrowing. Consumer installment debt ratios, therefore, might decline while the overall household debt burden is rising.

On the other hand, credit cards —which are included in the installment debt figures—are increasingly used as "convenience credit" which is paid at each monthly statement. To the extent that credit cards are used as a transaction medium, credit is overstated. Excluding credit cards, the debt ratio was considerably lower in 1987, ranging from 13.8 to 14.3 percent of income during the year.

Another factor which distorts the debt picture is the trend to longer loan periods for automobile and other major consumer loans. Interest for the entire term of the loan is added when the loan is recorded on the lender's books. This has the effect of increasing debt sharply although monthly payments are lowered. The amount of the monthly payment is most often the gauge of ability to pay.

Other studies have shown that such elements as household net worth, liquid assets and nonhousing assets are all important in determining an acceptable and comfortable level of household debt. Against most of these measures, household debt ratios have been quite stable. It should also be noted that an unusually large proportion of the population are in the process of accumulating household goods, a time normally associated with heavy borrowing.

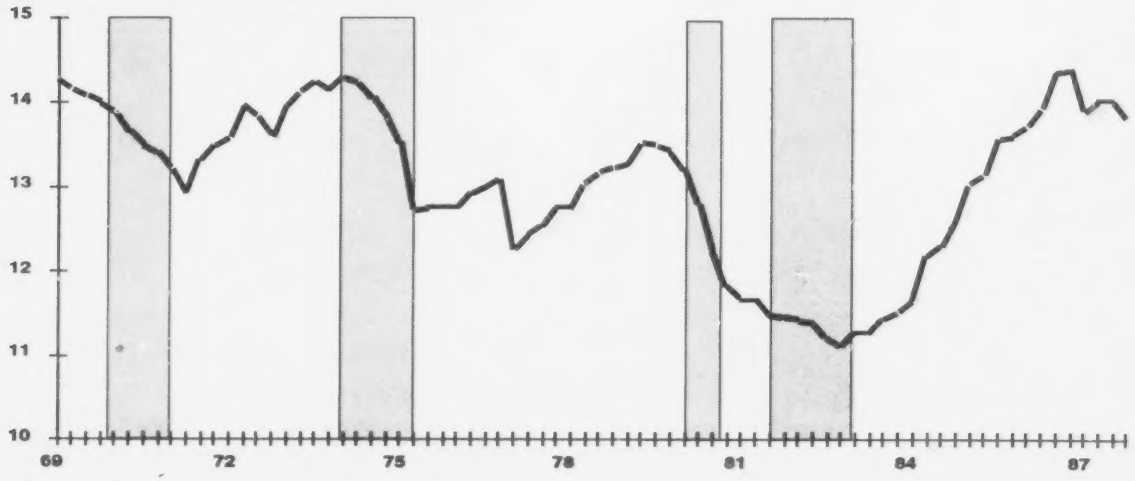
In 1987, consumers kept their borrowing fairly well in line with incomes, and, as noted, the ratios were little changed. With confidence still high, there is little reason to expect much change in this behavior in 1988.

With strong income gains, modest debt expansion and a good level of confidence, California retail sales should post another solid if unspectacular gain in 1988.

Tourism

The visitor and convention business is a major industry in California. It is estimated that the industry brought in $34.1 million to the state's economy in 1986 and created more than 506,000 jobs in a wide range of industries.

United States
Consumer Credit Excluding Revolving Credit
(Percent of disposable personal income)



Domestic visitors dominate the industry. The California Department of Commerce puts the number of tourists to California in 1987 at 112 million. Of these, over two-thirds, or 75 million, are in fact Californians. Another 27 percent represent visitors from other states. Finally, more than 7 million are from other countries.

It is the last group which is commanding the greatest attention at the present time. The devaluation of the U.S. dollar has made the United States a travel bargain in many respects. This is particularly true for tourists from other Pacific Rim countries, who have always been attracted to California. Tour operators reported significantly higher bookings in 1987, and an even stronger gain appears likely for 1988.

The visitor industry cuts across many sectors—a situation which greatly complicates accurate measurement on the impact of the sector. Hotels and motels are primary beneficiaries, and tourism can be given credit for most of the 166,400 jobs which exist in this industry. A significant part of the restaurant industry depends on tourism. Resort and recreation areas derive most of their support from the travel business. Beyond these, however, there are myriad other businesses which are closely related to tourism: car rental firms, entertainment, some retail establishments, and transportation companies.

Unfortunately, it is difficult to separate out the impact of tourism from other activities. Some rural counties are obviously heavily dependent on tourism. In the heavily urbanized counties, in contrast, visitor activities are relatively less important. The notable exception to this is San Francisco, which derives significant stimulus from tourism, business travel and conventions.

Developing precise data on the industry is virtually impossible given the range of activities involved and the problems in defining what is tourism as opposed to other types of travel. The Economic Report of the Governor has shown data in prior years from the U.S. Travel Data Center. Concerns with county level data, the lack of consistency between totals derived from county data versus those reported for the State, the excessively broad interpretation of the industry and the delay in receiving information led the Department of Commerce to develop its own estimates for 1987. The Department used a bottom—up approach to the subject, making extensive use of local transient tax data, passenger counts for various types of transportation, recreation area surveys and estimated expenditures per visitor day.

The totals shown for the State are considerably lower than those published in earlier years. They are probably more indicative of the size of the industry, however, being limited to those activities directly related to tourism and excluding the more marginal aspects which merely drive up the totals.

The statistical tables on tourism by county have been included in the Statistical Appendix as Table A-39.

Personal Income

The strength of the consumer sector over the past year has been due in large part to the gains seen in personal income. Income amounted to $494.7 billion in 1987, up 8.5 percent from the 1986 level. This was a notably better gain than the 6 percent achieved nationally.

TABLE II–2
TRENDS IN REAL INCOME

	Total		*Per capita*	
	Billions	*% change*	*Dollars*	*% change*
1975 ..	252.9		11,742	
1976 ..	267.9	5.9	12,214	4.0
1977 ..	280.6	4.7	12,553	2.8
1978 ..	300.2	7.0	13,144	4.7
1979 ..	313.0	4.3	13,460	2.4
1980 ..	318.8	1.9	13,398	—0.5
1981 ..	326.4	2.4	13,449	0.4
1982 ..	328.0	0.5	13,236	—1.6
1983 ..	338.6	3.2	13,378	1.1
1984 ..	360.0	6.3	13,966	4.4
1985 ..	378.1	5.0	14,343	2.7
1986 ..	399.0	5.5	14,789	3.1
1987 ..	416.4	4.4	15,053	1.8

On a per capita basis, income reached $17,883, an increase of 5.8 percent.

The strength in income can be attributed to a number of factors:

- A 26 percent surge in population growth.
- Continued strong job gains, amounting to 4 percent for the year.
- Average wage gains of more than 5 percent.
- A significant improvement in farm income.
- A strong performance for interest and dividends despite lower interest rates and flat corporate profits.

Real Income gains were moderate in comparison with earlier years. Using the personal consumption expenditures deflator as an appropriate measure of inflation, real income was up 4.4 percent. Interpretation of this series will vary with the individual. To many it reflects the general standard of living. To others it is a guide to relative gains. In reality, individual standards and preferences are so diverse as to make only one measure irrelevant on a broad scale. In addition, inflation impacts people in different ways. For instance, homeowners' of many years standing will be far less affected by an increase in housing costs than first—time buyers. Individuals who alter their food purchases to take advantage of relative price changes will see a lesser effect of rising food costs than those who maintain a constant consumption pattern.

There are numerous other examples which could be cited. In effect, trying to determine "the" standard of living is virtually impossible, since each individual will interpret his or her own situation uniquely. Just as there is no "average" person, there is no one measure of the standard of living.

Measurement problems notwithstanding, real income does show that individuals have been keeping ahead of inflation.

Real income has increased by 48.4 percent over the past decade. This compares well with gains in earlier decades. In fact, considering the severe inflation situation of the late 1970s and early 1980s, the more recent trend marks a significant turnaround.

State Comparisons. Personal income is one of the few consistent measures available to compare economic activity among states. California comes out well on virtually any basis.

California income, at $494.7 billion, is 50 percent larger than second place New York, and 65 percent above third place Texas. In terms of per capita income, California ranks sixth. The loss of one place over the past year was not surprising. Preliminary 1987 data released at the end of April suggest that California per capita income was only $3 less than the fifth place state.

The other top states are generally the same from one year to the next, although California is narrowing the gap with some.

Income by source. Wages and salaries are by far the dominant factor in personal income, accounting for roughly 60 percent of the total. They rose 9.1 percent in 1987 to a total $294 billion. The performance of this component is determined basi-

TABLE II–3
PERSONAL INCOME AMONG THE LEADING STATES
(Total income in $ billion)

Total income	*1986*	*1987 Preliminary**	*Per Capita Income*	*1986*	*1987 Preliminary**
CALIFORNIA	$456.1	$494.7	Connecticut	$19,600	$20,980
			New Jersey	18,626	20,067
New York	304.1	321.8	Massachusetts	17,722	18,926
Texas	224.9	231.1	New York	17,111	18,055
Illinois	180.1	189.3	Alaska	17,796	17,886
Florida	171.0	183.2			
Pennsylvania	169.4	179.0	CALIFORNIA	16,904	17,883
Ohio	149.8	156.8			
New Jersey	141.9	154.0	Maryland	16,864	17,722
Michigan	135.1	141.0	New Hampshire	15,911	17,133
Massachusetts	103.4	110.8	Illinois	15,586	16,347

* 1987 figures are preliminary and do not correspond to prior years.

cally by changes in wage and salary employment and average wages. Beyond this, however, is the aspect of industry mix. Strong employment gains in moderate wage sectors can outweigh gains in higher wage areas. The forecast of the Department of Finance takes industry distribution into account.

Average wages were up 5.2 percent. This figure masks a considerable disparity from one sector to another, however. The highest wage sector continues to be mining, at $36,046. At the other extreme is the trade sector, at $13,352. Even these comparisons are somewhat misleading, since there are widely divergent patterns within each broad industrial category.

Data for 1987 illustrate this situation dramatically. While average wages overall were up 5.2 percent, individual sector gains, shown in Table II-4, ranged from −2.9 percent to 10.1 percent. Construction wages were held in check, for instance, by the high employment level, a gradual slowdown in activity, and the result that many workers were on a less-than-full time basis.

At the other extreme was the finance sector. The total in this case is misleading, since it combines widely divergent industries. Financial institutions and insurance companies saw average gains around 6 percent. Stock brokers, in contrast, scored impressive gains. For the first half of 1987, average wages for this industry were up a hefty 55 percent. The service sector is of particular interest at this time. There have been suggestions that growth in services is detracting from the longterm potential of the state. In fact, there have been suggestions that an emphasis on services will lead to a diminution in the standard of living in California over the longer term.

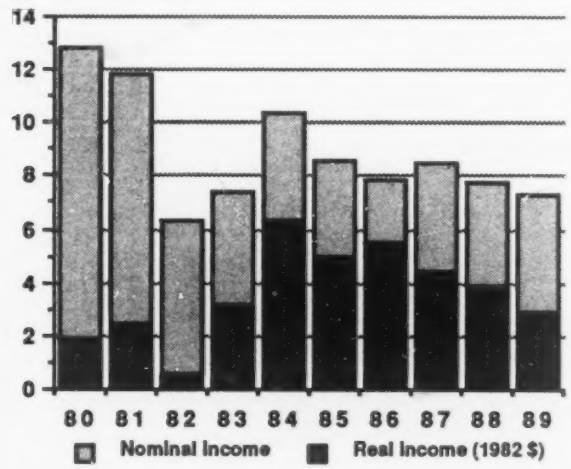
In fact, the services sector has a broad range of activities, many of which are at or above the average wage. It is these higher wage sectors, in effect, which are driving the growth in the service sector. A special chapter on the service industry covers this subject in more detail and highlights the diversity, strength, and importance of the sector in California.

Concerns have been expressed about the ability to hold average wages in check given potential inflationary pressures and the low jobless rate in many areas. The latter is perhaps the more important, especially considering the recent increase in the minimum wage to $4.25 per hour.

It is difficult to predict how these elements will interact over coming quarters. Inflationary pressures do not appear to be an immediate problem, especially considering the Fed's dedication to avoiding a resurgence of inflation. They could be expected to step in and tighten policy sufficiently to prevent a dramatic upturn in prices which would have ramifications throughout the economy. Furthermore, there is always a lag between increases in the general price level and wages. The more recent trend has been toward lower wage increases at further-spaced intervals. This will have a direct effect in preventing runaway wage gains.

The minimum wage aspect is also difficult to assess. There are no data on the number of workers receiving the minimum wage or a wage between the old and new levels. Because of this, it is impossible to estimate the increase in incomes which will result with implementation

Personal Income Growth in California
(Percent change)



of the higher minimum. Some individuals will see an immediate increase in their pay. There are many industries, however, which have already moved to a higher wage base in order to attract workers. In these cases, the impact is likely to be slower in being felt.

Collective bargaining settlements also impact wages directly. In recent years, settlements have been quite moderate, averaging less than 2 percent. This can be attributed both to the slowdown in inflation, and to wide—ranging efforts to hold costs in check in a highly competitive environment. Foreign competition has been a stimulus for this, for instance. In order to avoid the loss of jobs to foreign producers, management and workers have agreed to curtail settlements. This has been important in making American firms competitive in international markets.

The number of workers covered under collective bargaining agreements varies significantly from one year to the next. In 1986, for instance, nearly 700,000 workers were up for contract renegotiation. Last year the figure fell to approximately 275,000. The current year will see an increase to 431,000. The largest group will be in the construction industry. Contracts covering more than 134,000 workers will be up for negotiation.

Another large group—32,000—falls in the trucking and warehousing sector, with negotiations scheduled for April. The motion picture industry has nearly 50,000 workers up for contract renewals.

Table II-5 summarizes the major negotiations scheduled. Not all workers are included in this table. Only contracts involving 3,000 or more workers are noted individually, while the "all industries" line includes all bargaining involving 500 or more workers.

The Impact of Unemployment. The last consideration is related directly to the jobless rate which is running well below full employment levels in a number of major counties. More direct evidence of this situation can be seen in the help-wanted signs in many retail and service establishments. This situation alone should be creating moderate upward pressures on wages in below-average-wage firms.

Unemployment rates have fallen faster and lower than generally expected over the past year. There is still some disagreement over what constitutes full employment. A generally accepted standard for years was 5 percent, which allowed for frictional unemploymentfcaused by individuals moving from one job to another, or entering the labor market for the first time. As differences arose between available jobs and the skills offered by available workers, the threshold was raised to as much as 6 percent. A state such as California, for instance, with a large net immigration element and above-average mobility, could be expected to register higher joblessness than a state with a relatively stable population.

The statewide unemployment rate of just over 5 percent, reached late in 1987, suggested a tight labor market. Even more indicative were the jobless figures for major counties. Twelve of the major counties in California, representing 75 percent of the population, had unemployment rates at or below 5 percent last year. These were major metropolitan regions in which job opportunities tend to be varied.

TABLE II–4
AVERAGE WAGES, 1986 AND 1987
(Percent change)

	1986	*1987*
All industries	5.0	5.2
Mining	4.1	—2.9
Construction	3.1	1.6
Manufacturing	4.2	2.9
Transportation-utilities	4.2	3.5
Trade	5.4	3.7
Finance-insurance-real estate	11.4	10.1
Services	4.9	8.8
Federal government	0.1	2.1
State and local government	6.6	5.8

Rural counties, while seeing some improvement when compared with previous years, still experienced unemployment rates ranging from 7 to over 20 percent.

It must be noted that the monthly data for November are not adjusted for seasonal variation. As a result, they will be higher in rural areas because of the slowdown in agricultural activities. Metropolitan counties, in contrast, have rates that are lower than typical due to seasonal retail hiring.

Another aspect relates to the Current Population Survey/BLS Handbook Method difference noted in the Overview on California. Given that the handbook method is likely to underestimate unemployment, it is possible that some of the especially low rate counties, such as Marin and Orange, have jobless rates nearer 3 percent. This is not a significant difference, however, considering that the counties are well below the full employment threshold.

County unemployment rates shown in this report are intended as an indicator of the relative situation or performance of an area, rather than a precise measure of labor force status.

County Income Patterns. There is a strong correlation between county unemployment rates, the degree of urbanization and per capita personal income. In general, metropolitan counties have higher per capita income than rural counties. Metropolitan counties experiencing low unemployment rates outrank those with higher joblessness.

County income data for 1985 and 1986 clearly show the concentration of higher incomes in the Bay Area. In 1986, each of the top five counties in terms of per capita income, and eight of the top ten, were in the San Francisco region. Marin, with 1986 per capita income of over $29,000 has held the top spot for a decade. Orange and Santa Barbara counties, which in earlier rankings had been third or fourth, dropped to sixth and seventh in both 1985 and 1986.

These new income data include revisions back to 1969, making the series consistent with the state and national data revised in 1986. Copies of the complete series may be obtained from the Department of Finance.

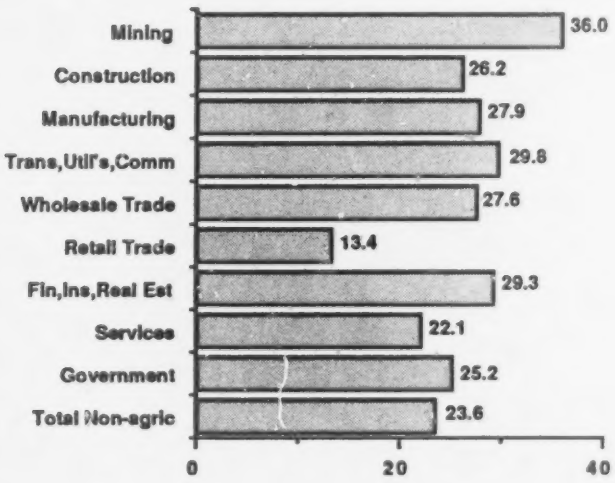
Outlook. Income forecasts for the State are closely tied to the national outlook. Employment—in combination with average wage gains—is a critical determinant, since wages and salaries account for the largest part of the income total. As noted earlier, employment is expected to be up 4.1 percent in 1988, a gain moderately higher than the 3.2 percent forecast for the U.S.

Average wages have shown a somewhat higher trend in California than in the nation in past years. This is due in part to industry distribution in the State and the fact that higher paid occupations have been growing more rapidly than lower paid jobs.

In the aggregate, total wages and salaries should amount to $319 billion in 1988, a gain of 8.4 percent.

Other labor income, which covers such items as employer-paid pension contributions, military reserve pay and directors' fees, has posted a growth rate slower than wages in recent years. Assuming that this re-

Average Wages by Industry, 1987
(In thousands of dollars)



lationship continues, it is expected to be up 6.7 percent to $30.1 billion.

Proprietors' income is somewhat difficult to forecast, given the high degree of volatility in farm income. At the present time, California's farmers appear to be doing well, with the stimulus of improved exports. Prices have firmed in recent months, due in part to the strengthening in export markets. The financial problems faced by many farmers in prior years appear to have been largely worked out. The industry is structurally stronger and able to benefit from rising demand. As a result, farm proprietors are expected to see income rise by 6 percent this year.

Nonfarm proprietors' income is closely tied to general business conditions. Much derives from typically "small business" activity. Dur-

TABLE II–5
MAJOR COLLECTIVE BARGAINING
NEGOTIATIONS IN CALIFORNIA IN 1988

	Industry	*Number of workers*
January	All industries	29,310
	Electric, gas, sanitary services	16,000
	Professional, educational services	4,000
	Construction	3,000
February	All industries	16,070
	Motion pictures	4,500
	Retail trade except food, auto	3,690
March	All industries	14,410
	Eating and drinking places, hotels and other lodging places.	8,000
	Motion pictures	4,850
April	All industries	50,610
	Trucking and warehousing	32,000
	Electric, gas, sanitary services	4,800
	Food and kindred products	3,200
May	All industries	12,380
June	All industries	81,680
	Construction	42,000
	Wholesale trade	9,500
	Aircraft and ordnance	3,200
July	All industries	105,260
	Construction	63,200
	Canning and preserving	17,000
	Government	7,200
August	All industries	45,500
	Motion pictures	23,200
	Construction	3,200
September	All industries	19,440
	Wholesale trade	3,500
	Business services	3,500
October	All industries	12,970
	Motion pictures	3,200
November	All industries	40,030
	Retail food and liquor stores	16,100
	Electrical equipment, supplies	11,500
December	All industries	3,240
	Total	430,900

Source: California Department of Industrial Relations.

ing expansions, small business gains are strong; during downturns, this sector tends to contract more rapidly than big business activities. With moderate growth forecast and a still-moderate rate of inflation, nonfarm proprietors should achieve a 9.5 gain in income.

Property income is facing mixed trends. Moderately rising interest rates should help yield a rise in interest income of around 9 percent this year.

Dividends should be up a strong 10 percent. This is being achieved despite easing in corporate profits. The slowdown in profits can be attributed in large part to accounting adjustments to take advantage of tax law changes. The underlying profit picture remains favorable.

Rental income is the most difficult to forecast since it varies widely from one year to the next. Estimates developed by the U.S. Department of Commerce include such aspects as property values and interest rates. Much of the series is imputed: the difference between the increase in a homeowner's equity and the market rental value of the property. This is a somewhat difficult concept to relate to real activity since imputed income is not actually received or spent. In the national income accounts, it goes effectively into savings. Furthermore, revisions in the past have been substantial. The current forecast of $5 billion for 1988, representing a 5.8 percent gain, should be taken as a rough guide to the expected trend in the series.

Transfer payments are closely related to inflation trends since so many benefit programs are escalated by changes in a price index. The growth in transfers has slowed dramatically in recent years as price pressures have been reduced. For 1988 an increase of 6.2 percent is anticipated.

Overall, personal income should rise to $533.5 billion. Per capita income—assuming a population gain of 2.3 percent—will rise about $1,000 to $18,870.

Inflation

By this stage of the business cycle, inflation typically heats up. Capacity utilization rates are strong; spot shortages are developing, particularly for raw materials; wage increases are accelerating as the pool of trained workers dwindles; and demand continues at a heady pace.

The current cycle presents a totally different picture. The economic expansion is beyond the five year mark. The past two years have seen periods of sluggish growth followed by a renewed burst of activity. These have been attributable in large part to specific industry situations. The auto industry, for instance, has had on-again, off-again sales incentives to the point that many buyers now take incentives for granted. In effect, they will con-

TABLE II–6
UNEMPLOYMENT RATES FOR SELECTED COUNTIES
(Unemployment as a percent of civilian labor force)

Lowest rate Counties	*December 1987*	*1987 Year*	*Lowest rate Counties*	*December 1987*	*1987 Year*
Orange	2.5	3.3	El Dorado	4.9	4.9
San Mateo	2.5	3.2	Inyo	4.9	6.1
Marin	2.7	3.2	California	4.9	5.8
Santa Clara	3.5	4.5			
San Francisco	3.6	4.6	*Highest rate Counties*		
San Diego	3.7	4.5			
Alpine	3.8	5.6			
San Luis Obispo	3.9	4.4	Imperial	17.5	23.0
Alameda	4.0	5.1	Colusa	13.8	10.2
Contra Costa	4.0	5.0	Trinity	13.7	10.8
Santa Barbara	4.1	4.7	Sutter	13.7	11.8
Mono	4.2	6.8	San Benito	13.5	12.9
San Bernardino	4.2	5.1	Del Norte	13.4	11.8
Sonoma	4.5	4.8	Plumas	12.8	10.9
Napa	4.6	4.9	Siskiyou	11.9	10.3
Ventura	4.6	5.5	Yuba	11.6	11.6
Sacramento	4.8	5.5	Stanislaus	11.2	12.1
Los Angeles	4.9	5.9	Sierra	10.8	9.5

TABLE II–7
PER CAPITA PERSONAL INCOME FOR CALIFORNIA COUNTIES

County	1985	1986	% change	Rank 1985	Rank 1986
Marin	$26,986	$29,055	7.7	1	1
San Mateo	21,740	23,296	7.2	2	2
San Francisco	20,984	22,084	5.2	3	3
Santa Clara	19,417	20,935	7.8	5	4
Contra Costa	19,467	20,233	3.9	4	5
Orange	18,935	20,154	6.4	6	6
Santa Barbara	17,182	17,986	4.7	7	7
Alameda	16,988	17,720	4.3	8	8
Napa	16,515	17,066	3.3	10	9
Sonoma	16,589	17,055	2.8	9	10
Los Angeles	16,058	16,988	5.8	11	11
Ventura	15,821	16,950	7.1	12	12
CALIFORNIA	16,036	16,904	5.4		
Santa Cruz	15,536	16,403	5.6	13	13
Placer	15,420	16,192	5.0	14	14
San Diego	15,108	15,940	5.5	15	15
Mono	14,614	15,515	6.2	16	16
Sacramento	14,469	15,367	6.2	18	17
Monterey	14,559	15,228	4.6	17	18
Yolo	14,301	15,217	6.4	20	19
Riverside	14,211	14,500	2.0	21	20
El Dorado	13,710	14,292	4.2	22	21
Alpine	13,033	13,632	4.6	25	22
Solano	13,633	13,630	0.0	23	23
San Luis Obispo	13,041	13,589	4.2	24	24
Colusa	14,349	13,480	−6.1	19	25
Kern	12,970	13,429	3.5	26	26
Inyo	12,832	13,412	4.5	29	27
Fresno	12,925	13,397	3.7	27	28
San Benito	12,728	13,229	3.9	30	29
Amador	12,528	13,207	5.4	34	30
San Bernardino	12,895	13,145	1.9	28	31
Nevada	12,716	13,105	3.1	31	32
Humboldt	12,305	12,988	5.6	36	33
San Joaquin	12,532	12,885	2.8	33	34
Mendocino	12,253	12,877	5.1	37	35
Shasta	12,092	12,814	6.0	39	36
Sutter	12,670	12,777	0.8	32	37
Stanislaus	12,404	12,714	2.5	35	38
Plumas	12,112	12,690	4.8	38	39
Sierra	12,026	12,594	4.7	41	40
Mariposa	11,881	12,521	5.4	42	41
Tuolumne	11,844	12,493	5.5	43	42
Lake	11,779	12,391	5.2	44	43
Glenn	12,050	12,233	1.5	40	44
Butte	11,483	12,088	5.3	45	45
Merced	11,269	11,950	6.0	46	46
Siskiyou	11,152	11,918	6.9	48	47
Tulare	11,200	11,708	4.5	47	48
Modoc	11,034	11,424	3.5	49	49
Lassen	10,873	11,272	3.7	52	50
Tehama	10,613	11,178	5.3	53	51
Kings	10,915	11,041	1.2	51	52
Madera	10,220	11,018	7.8	55	53
Trinity	10,172	10,924	7.4	56	54
Calaveras	10,937	10,738	−1.8	50	55
Del Norte	10,358	10,653	2.8	54	56
Imperial	10,147	10,391	2.4	57	57
Yuba	9,758	10,112	3.6	58	58

Source: U.S. Department of Commerce, Bureau of Economic Analysis

sider a purchase only when special inducements are offered.

Housing is another example. When interest rates decline, home building moves ahead strongly. Rising interest rates lead to significant curtailment.

Developments such as these have led to several adjustment periods over the past two years, which have taken the pressure off those factors which typically lead to an acceleration of inflation. These adjustments have been less in California than the U.S., however, which accounts for the state's rising share of economic activity nationally and probably even the slightly higher rate of price increases in California.

The California consumer price index (CPI) increased by 4.1 percent in 1987, compared to the 3.6 percent gain recorded nationally. This index is the weighted average of the all items CPI for the two areas priced in the state: the San Francisco-Oakland-San Jose Bay Area and the five-county Los Angeles area. The Los Angeles index rose 4.3 percent last year, while the figure for the Bay Area was up only 3.4 percent.

Consumer price indices in California are heavily influenced by shelter costs. The homeowners' cost component accounts for 22 percent of the Los Angeles index, with residential rent taking another 9 percent. Each of these measures is based on samples of available properties, and estimating errors are possible. The indices within California show strong gains followed by flattening or even declines which cannot readily be explained.

Homeowners' costs and rent are also the two primary components of the services index. Other components include such items as medical care, insurance premiums, personal services and educational services. Each of these has seen significant gains during the past year. Overall, service prices were up 4.1 percent last year in the San Francisco area, and were 5.2 percent higher in the Los Angeles region.

The goods index shows continued restraint, in contrast, rising by less than 3.2 percent last year. The behavior of individual components varied greatly, however. Food prices were up approximately 4 percent. Apparel was up more than 5 percent in the Los Angeles index, but less than 3 percent in the Bay Area. The gain in new car prices was relatively subdued, at 3.6 percent. In this case, special incentives helped to offset both announced base price increases and the impact of the devaluation of the U.S. dollar on imported vehicles.

The behavior of fuel prices was a major factor in the 1987 experience. In 1986, oil prices were declining, which led to unusually low price index gains. As noted in last year's report, just the fact of stabilizing oil prices would tend to drive price indexes up. In fact, oil prices moved higher during the year, peaking at near $23 per barrel in the early fall before settling back to a level in the upper 'teens. Both home heating fuels and gasoline reflected this pattern, ending the year only slightly ahead of the December 1986 index.

Rebasing the CPI. The data shown in Table II-9 are on a 1982-84 base. The U.S. Bureau of Labor Statistics rebased all CPI indices from 1967-69 to 1982-84 starting with the release of data for January 1988. As is customary, historical data were also converted to the new base to facilitate comparisons over time.

TABLE II–8
PERSONAL INCOME BY SOURCE
(In billions)

	1987	*Percent change*	*1988*	*Percent change*	*1989*	*Percent change*
Total	$494.7	8.5	$533.5	7.8	$572.7	7.3
Wages and salaries	294.4	9.1	319.0	8.4	345.5	8.3
Other labor income	28.2	8.2	30.1	6.7	31.9	6.0
Proprietors' income	48.0	13.9	52.3	9.1	54.8	4.7
Farm	5.2	15.3	5.5	6.1	5.7	4.4
Nonfarm	42.8	13.8	46.8	9.5	49.0	4.7
Interest	65.6	5.0	71.6	9.0	77.0	7.6
Dividends	10.7	8.8	11.8	10.3	12.9	9.4
Rental income	4.8	7.9	5.0	5.8	5.0	-0.8
Transfer payments	64.9	5.9	68.9	6.2	73.0	6.0
Less: Contributions for social insurance	22.1	9.9	25.6	15.8	27.7	8.2
Plus: Residence adjustment	0.3	2.1	0.3	1.2	0.3	2.2

Percent changes calculated from unrounded data.

While the index numbers are different—roughly one-third the value of the old index in the case of the all items figure—the percentage change should be comparable. This will not always be the case, however, given the significant difference in the level of the old and new index. Two examples illustrate this situation. The U.S. CPI for 1982 was originally reported as up 6.1 percent. Using rebased data, the increase works out to 6.2 percent, a difference of 0.1 percent:

	1967–69 Base	*1982–84 Base*
U.S. CPI: 1981...	272.4	90.0
1982...	289.1	96.5
Percent change.	6.1	6.2

There will undoubtedly be many such situations, especially when individual index components are examined. The question of how to treat such adjustments has been raised more than once. As a practical matter, it would be more confusing to maintain changes on the old base along with those derived from the new base than to shift once and for all to the new base. This will require some initial revisions in historical data. From this point on, however, the changes will be clean and there will be no question about the series base.

Switching all CPI references to the new base will also facilitate comparison with data currently being released. The BLS has made available historical summaries of CPI data on the new base. These go back to the earliest year for which the CPI component was released. For some series this means new figures back to as early as 1912.

The California CPI has also been rebased. Table A—17 in the Statistical Appendix to this report includes data back to 1970 for the convenience of users.

In most cases, current changes can be used without any revision of historical data. When a linkage is necessary, however, the rebased data should be used for both the recent and historical periods.

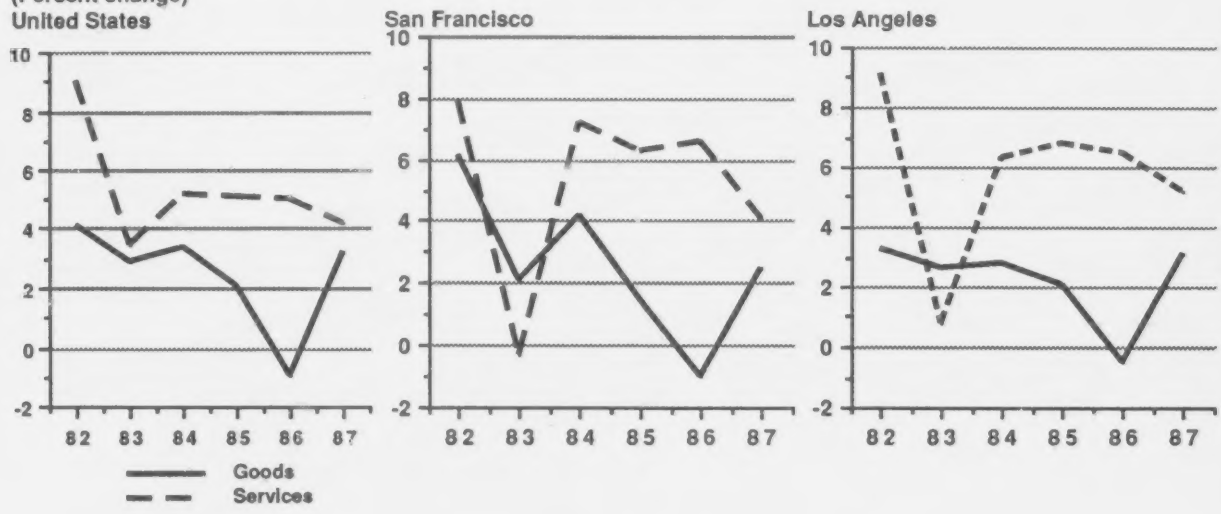
If prior experience is a guide, any confusion over the new base should disappear rapidly as the data are more widely available.

Outlook. The price forecast currently being used by the Department of Finance is predicated on five underlying, and related, assumptions:

- Monetary policy remains mildly stimulative, with interest rates varying little through 1988 and 1989.
- Oil prices remain between $16 and $20 per barrel.
- Tightening labor markets do not lead to escalating wage rates during the forecast period.
- The U.S. dollar stabilizes slightly below its recent level. Import prices do not significantly increase goods inflation.
- Economic growth remains moderate, avoiding supply bottlenecks which could run up commodity prices.

Services will continue to experience a higher rate of inflation than goods. Medical care costs, for instance, are expected to rise by 6-1/2 to 7-1/2 percent each year. Residential rent is forecast approximately 5 percent higher each year, with homeowners' costs by slightly more. These three components alone account for be-

CPI for Goods and Services
(Percent change)



tween 35 and 40 percent of the CPI nationally and in California.

Goods prices will turn in a much better picture. The largest category, food, is likely to see a 3-1/2 percent increase over the coming year. Apparel prices will rise somewhat more than their historical trend, reflecting the higher costs of imports. Home furnishings price gains should continue moderate, while gasoline may rise slightly. Gasoline prices will be influenced by a number of factors, including interna-

TABLE II–9
CONSUMER PRICE INDEXES, 1987
(1982–84=100)

	U.S.	*San Francisco-Oakland*	*Los Angeles*
All Items	113.6	115.4	116.7
Food	113.5	114.0	112.9
Food away from home	117.0	117.7	113.2
Residential rent	123.1	133.1	130.5
Homeowner's costs	124.8	140.4	133.6
Fuel and other utilities	103.0	109.4	112.6
Apparel and upkeep	110.6	104.6	112.5
Transportation	105.4	102.4	108.9
Medical care	130.1	128.7	129.5
Entertainment	115.3	121.6	111.2
Other goods and services	128.5	130.9	127.9
Special indices:			
Goods	107.7	106.8	107.6
Services	120.2	123.2	125.0
Energy	88.6	88.9	89.3
All items excl. medical care	112.6	114.6	115.9
All items excl. shelter costs.	111.6	111.5	113.3

TABLE II–10
CHANGE IN THE CONSUMER PRICE INDEX, 1987
(Percent change)

	U.S.	*Los Angeles*	*San Francisco*	*San Diego*
All Items	3.6	4.3	3.4	3.5
Food	4.1	4.1	4.1	4.2
Food away from home	4.0	1.7	3.9	3.7
Residential Rent	4.1	5.4	4.6	3.8
Homeowner's costs	4.5	6.4	4.2	3.3
Fuel and Other Utilities	−1.1	−1.2	−0.9	1.2
Apparel and Upkeep	4.4	5.2	2.9	2.7
Transportation	3.0	3.5	1.2	1.9
Medical Care	6.6	7.1	7.5	9.5
Entertainment	3.3	2.0	3.6	8.0
Other Goods and Services	5.8	4.6	6.3	8.2
Special Indices:				
Goods	3.2	3.1	2.5	2.7
Services	4.2	5.2	4.1	4.2
Energy	0.5	0.2	0.6	1.3
All items excl. medical care	3.5	4.0	3.1	3.2
All items excl. shelter costs	3.3	3.6	2.8	3.5

Source: U.S. Bureau of Labor Statistics

tional production rates and demand. At the present time it appears that supply conditions will be ample, precluding any significant run-up in prices for consumers.

One significant factor in the measured rate of inflation is discounting. Over the past year or two, numerous price increases have been announced for various goods, ranging from new cars to apparel to electronic items. These have frequently been attributed to the impact of the devaluation of the dollar. Consumer resistance to significantly higher prices led to subsequent discounting and special promotional efforts to clear inventories. Such programs became so commonplace that dealers and retailers have had to continue them on a fairly regular basis to maintain sales levels. The auto industry's incentive programs are only one example. Rebates and low-cost financing have become so ingrained that sales slump dramatically when the incentives are removed.

Another example is in the soft goods area. Retailers report that consumers have become so conditioned to special sales that they must be held on a regular basis to maintain volume.

Since the consumer price index measures effective prices, sales and other promotions significantly dampen the effect of published price increases.

On balance, the California CPI is forecast to rise 4.7 percent for 1988, and 5.0 percent for 1989. These increases are slightly higher than those expected for the nation.

TABLE II–11
INFLATION IN TRENDS, 1987 TO 1989
(Percent change)

	1987	*1988*	*1989*
GNP Deflator	2.9	3.3	4.1
Personal consumption expenditures	3.9	3.8	4.3
Business fixed investment	0.4	−0.6	1.9
Residential investment	4.5	3.2	3.3
Government purchases	3.7	4.2	4.5
State and Local purchases	4.5	4.9	4.8
Consumer Price Index			
United States	3.6	3.9	4.5
California	4.1	4.7	5.0
San Francisco	3.4	5.1	5.1
Los Angeles	4.3	4.7	5.0

TABLE II–12
CONSUMER PRICE INDEXES, 1988–89
(1982–84 = 100)

	Percent change					
	U.S.		*San Francisco-Oakland*		*Los Angeles*	
	1988	*1989*	*1988*	*1989*	*1988*	*1989*
All items	3.9	4.5	5.1	5.1	4.7	5.0
Food	3.6	4.3	4.5	3.8	2.9	4.7
Food away from home	4.1	4.5	5.2	4.6	2.3	2.8
Residential rent	4.6	5.0	5.9	6.3	5.4	5.9
Homeowner's costs	5.1	5.4	4.2	6.0	5.2	5.9
Fuel and other utilities	0.8	1.6	5.8	3.4	2.8	1.7
Apparel and upkeep	3.0	4.0	3.7	4.7	4.4	4.4
Transportation	2.8	4.0	3.5	4.1	3.6	4.6
Medical care	6.7	7.6	6.0	6.1	7.6	6.8
Entertainment	4.4	4.4	7.0	5.4	4.2	4.1

III. FINANCIAL DEVELOPMENTS

Once again, the financial sector was the focus of considerable attention in 1987. At center stage was the stock market, which rose to new highs in late summer, only to suffer a sharp setback in October. On a year-end comparison, share prices were little changed, but the sell off was a sharp reminder that the market is rarely a one-way street.

The events of October also served to hasten the consolidation and streamlining of the securities industry, which had been underway through much of 1987. The adjustment will likely be most evident in the New York area, although California, as a major provider of financial services, will also feel the effects.

Depository institutions continued to grapple with problem loans. Most major banks increased sharply their reserves against Latin American and other foreign credits. Banks and savings and loans generally made slow progress in reducing their inventories of non-performing loans and real estate owned.

Despite rising interest rates throughout most of the year, real estate sales activity in California remained vigorous, with existing home sales up slightly during the year. Commercial office vacancy rates declined somewhat, but remained high by historic standards.

Interest Rate Developments

The run-up in stock prices earlier in 1987 came despite two fairly sharp upward movements in interest rates, each originating in the bond market and later ratified by the Federal Reserve. The first, in March, came as international currency markets attempted to test the February Louvre Accord in which seven major industrial nations agreed to support the dollar. In the space of a few weeks, long-term Treasury bond yields rose from 7-1/2 percent to more than 9 percent.

International pressure was also an element in the September-October rise in interest rates, which was abruptly reversed by the stock market break. Nonetheless, by mid-October, the Treasury long bond rate exceeded 10 percent before falling back to near 9 percent following Black Monday.

To many observers, the influence of the bond and foreign exchange markets were significant in demonstrating the extent to which domestic and international market forces now drive U.S. interest rate policy. Because the United States is a major debtor nation, it is no longer possible to develop monetary policy

TABLE III–1
Employment Growth in
Finance-Insurance-Real Estate
(Thousands)

	1987	*Percent change*
Total	806.3	5.6
Finance	385.6	5.3
Insurance carriers, agents and brokers	216.4	3.5
Real Estate	182.5	7.6
Combination offices, holding and other investment companies	21.8	15.4

without considerable reference to conditions-and opinions-overseas.

Partly reflecting the importance of foreign purchases, the U.S. bond markets have become very sensitive to even a hint of inflation. To some observers, the "inflation vigilantes" in the bond market have replaced the Federal Reserve as the principal determinate of interest rates. This bond market behavior may well keep the economy from overheating, thus avoiding the inflation which market participants fear.

Movements in short-term interest rates were considerably less than in the longer end of the market. The interbank Federal Funds rate, which is most closely influenced by Federal Reserve activity, rose from less than 6-1/2 percent early last year to slightly over 7-1/4 percent in October, before falling back to around 6-3/4 percent following the fall in share prices.

In February 1988, the Federal Reserve undertook a further easing of monetary policy, apparently in response to concerns that economic activity was beginning to slow. These concerns were quickly replaced by worries of an overheated economy and incipient inflation, as first quarter gross national product growth registered considerably higher than expected.

Revised data released in May showed real growth at an annual rate of 3.9 percent, on the heels of 4.3 percent growth in the final months of 1987. Against this background, bond interest rates began to rise and the Federal Reserve reversed its field, pushing the Federal funds rate to 7 percent in early May and to 7-1/2 percent by Memorial Day.

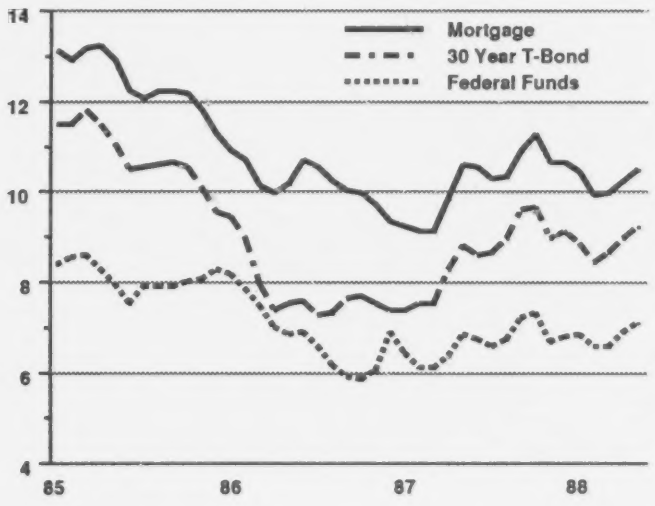
Following a surge of growth in 1986, money supply measures slowed dramatically last year. Indeed, by some measures monetary growth in 1987 was the lowest in more than 25 years, a development which reinforced fears of recession following the drop in the stock market. However, to some extent the monetary growth figures are distorted by the surge in money supply late in 1986, apparently associated with the new Federal tax law, which encouraged many individuals and institutions to rearrange their asset holdings.

M1, which consists of currency in circulation, balances in checking and other transactions accounts, and travellers' checks, was up 2.8 percent on a December comparison, following a 16.5 percent jump in 1986. M2, which adds various consumer savings instruments to M1, grew 3.6 percent, down from 9.0 percent the previous year.

Historically, growth in M2 and current dollar GNP have tracked quite closely, with GNP growth lagging M2 by six months to one year. However, this relationship has weakened considerably in the 1980s. Adjusting for consumer price increases, real M2 declined last year and was an element in the weak performance of the leading economic indicators in 1987.

More recently, money supply growth has strengthened, with M1 rising at a 6.8 percent annual rate in the first three months of 1988. As noted, however, the Federal Reserve in its policy decisions, appears to be focusing more on developments in the real economy (output, employment, etc.) and on the currency and bond markets, paying relatively little attention to the monetary aggregates.

Selected Interest Rates
Percent



After a lag of several months, the May rise in interest rates should dampen some segments of the economy, notably housing and possibly consumer spending on cars and other durable goods. In the meantime, however, attention may continue to focus on inflationary pressures, the low jobless rate and rising export demand. In these circumstances, further modest upward pressure on interest rates can be expected through most of 1988.

Depository Institutions

The large provisions for losses against foreign loans put a big dent in bank profits last year. But a number of regional banks, including several in California, now hold reserves of 50 percent or more against these problem loans, and as a result will have considerable flexibility in future management of these credits. Swaps, loan sales and write'offs can now be taken as events dictate, without further effect on earnings. Moreover, having faced the foreign debt problem, many regional banks are in stronger positions than the larger money-center institutions, most of which settled for reserves in the 25 percent range.

In California, as elsewhere, consolidation and streamlining continued in the banking industry. Banking employment declined in 1987, for the second year in a row. The State's largest banks, in particular, have undertaken programs to streamline their retail networks, closing or selling unprofitable branches.

By the end of this year, British banks will have exited the California market. Midland (Crocker), Barclays, LLoyds and Standard and Chartered (Union) have sold their principal California subsidiaries, two to Wells Fargo and two to Japanese interests.

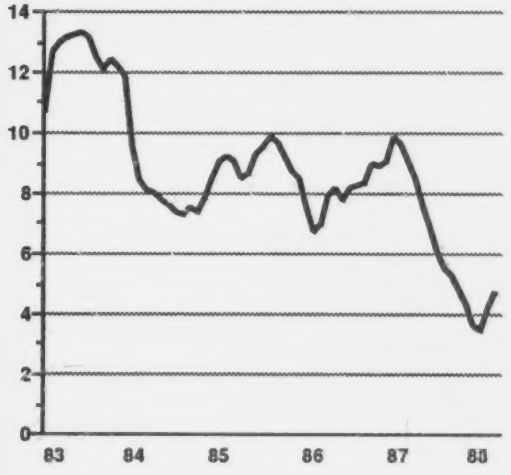
The California banking market is open to interstate banking, on a reciprocal basis, within the 12th Federal Reserve District. By 1991, reciprocity will extend nation-wide. Thus far, there has been little entry of other Western banks into the California market. However, California banks have made several major out-of-state purchases, notably in Oregon, Washington and Arizona.

Despite early concerns, full reciprocity in interstate banking, when effective in 1991, may turn out to be a minor event. Many of the money center banks, once thought to be keenly interested in buying up local depositories, now find themselves short of capital and not in a position to make major purchases. At least one major New York bank continues to express interest in expanding its California activities, and others will no doubt follow.

Another element which will influence banks' expansion and acquisition plans is the new capital requirement adopted by Federal regulators. Until the early 1980s, large banks generally operated with capital (shareholders' equity and general reserves for possible loan losses) of around 4 percent of total assets. Regulators have been gradually increasing this ratio and will require 8 percent backing by the early 1990s. Banks will either have to raise additional capital or cut back on growth in order to meet the new requirements. Many institutions will be obliged to do both.

California is home to some of the nation's largest and strongest savings and loans. Several California based institutions reach across the country with branches or subsidiaries in a number of states. These, together with the vast majority of

Growth in the Money Supply (M2)
(Percent change from previous year)



smaller, local institutions, provide a full range of financial services to households and remain a vital source of funding to the real estate and homebuilding industries.

The State also has its share of troubled savings institutions. Last year, many of these problems came to the fore but few were resolved. In 1988, there is movement toward resolving several of the more prominent problems. Buyers have apparently been found for several insolvent institutions, and the Federal Savings and Loan Insurance Corporation (FSLIC) is able to provide at least some of the funds needed to cover the losses imbedded in their balance sheets.

However, the means are not yet available to fully resolve the savings and loan industry problems. The next year or two will probably see a further financial strengthening of FSLIC in order that it may liquidate the remaining insolvent institutions. Savings and loans now face the streamlining and consolidation that the banks have been grappling with for several years.

Real Estate: Existing Home Sales

In 1987, sales of existing single family homes topped 512,000 units, the best performance since the homebuying boom of 1979. For the full year, sales prices averaged about 6 percent higher than in 1986, but increases during the second half were well into double digits.

The continued strength of resale activity can be traced to relatively low mortgage interest rates, coupled with strong employment and population growth. However, the major problem which the industry faced was a persistent shortage of available properties, as reflected by a very low median time on the market figure which was often less than 60 days. Because homes are counted as sold only when escrow closes and title is recorded, a 60 day listing to sale period implies only two to three weeks during which the house is effectively "for sale".

This situation has continued into the early months of 1988, and has resulted in further sharp price appreciation in some areas. Rising mortgage interest rates in April and May provided a further spur to sales as buyers rushed to avoid further increases in borrowing costs. Some observers find the current situation similar to that of the late 1970s "buyers' frenzy" which included annual appreciation rates in the range of 20 to 30 percent in many areas.

However, these reports may be exaggerated and have yet to be confirmed by resale statistics reported by the California Association of Realtors. There are as many differences as there are similarities between the late 1970s and the late 1980s. For one thing, fixed rate mortgages were the rule ten years ago, and buyers could lock in housing costs at an interest rate below the rate of inflation. Today, most loans are adjustable rate instruments, and even short–term borrowing costs are considerably higher than the inflation rate.

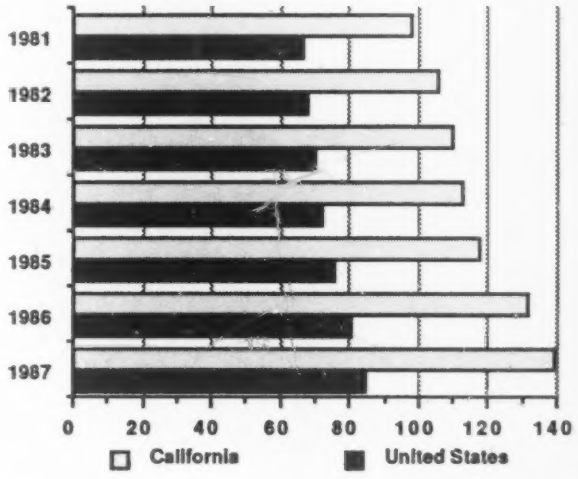
The late 1970s were also the period when the largest number of young people were entering the housing market for the first time. The current situation is much more a discretionary or "move up" market. Presum-

TABLE III–2
MEDIAN EXISTING HOME SALES PRICE

Region	*December 1987*	*Percent change*
California	$144,392	10.6
Orange County	177,900	15.5
San Francisco Bay Area	175,064	4.5
Ventura Area	170,212	16.3
Monterey	166,087	9.6
Santa Barbara	147,143	–14.8
Los Angeles Area	144,829	11.4
San Diego	133,833	11.9
Northern Wine Country	125,082	12.2
Palm Springs/Lower Desert	125,000	n/a
Riverside/San Bernardino	102,093	7.0
Sacramento	89,058	8.1
Central Valley	82,440	6.8
Northern California	65,714	–4.5

Source: California Association of Realtors

Median Sales Price
Existing Single Family Homes
(In thousands of dollars)



ably, higher prices and interest rates will have a more telling effect in today's market.

Still, overall population growth is stronger today than a decade ago, and despite the vigorous pace of homebuilding activity, housing in many areas remains scarce. Also, the declining rate of homeownership, first evident in California during the 1970s, and now a national trend, implies considerable pent up demand.

On balance, however, it seems unlikely that a rerun of the late 1970s boom is now underway. Rising interest rates should slow the rate of home sales and appreciation later this year. The industry view that sales volume will drop about 10 percent from 1987 levels appears reasonable. Price appreciation will easily top last year's 5.8 percent advance, but should fall far short of the frenzied pace of ten years ago.

IV. THE GOODS PRODUCING SECTORS

Developments in California's mining, construction and manufacturing sectors were generally positive during 1987. Although mining employment again declined on an annual average comparison, the industry in fact stabilized during the year, and small gains were evident during the latter months of 1987. Construction activity was again strong and, in most industries, manufacturing was on a rising trend.

Mining

More than three-quarters of California mining employment is associated with the extraction of petroleum and natural gas. Mining employment is therefore quite sensitive to conditions in the energy sector. As noted in the Resource Industries chapter, the sharp reduction of petroleum prices in 1986 dampened California activity during 1987 as well.

Oil production was down more than 2 percent and natural gas output by almost 6 percent last year. With less efficient wells being taken out of production, the number of producing oil wells dropped more than 12 percent last year.

Even so, as energy prices firmed during the course of 1987, some pick up in drilling activity was evident. This in turn resulted in a stabilization of mining employment especially during the second half of last year.

With energy demand continuing to rise, it is likely that oil and natural gas prices will remain near or rise slightly from current levels. In these circumstances, modest increases in mining employment would seem a reasonable expectation over the next year.

Manufacturing

After declining slightly in 1986, California's manufacturing sector resumed its expansion last year. Although high technology employment was on a rising trend in the second half of the year, most of the gains in California manufacturing employment were in the more traditional, lower technology industries.

Among the first beneficiaries of the lower dollar exchange rate were the apparel and textile industries. Apparel manufacturing was up almost 12 percent, while the much smaller textile mill industry posted a 10 per-

TABLE IV–1
MINING EMPLOYMENT
(in thousands)

	1985	*1986*	*1987*
Total	49.9	42.6	40.4
Metal mining	1.7	1.9	2.1
Fuel extraction	41.1	34.0	31.6
Nonmetallic mining	7.1	6.7	6.6
	December		
	1985	*1986*	*1987*
Total	49.6	40.3	41.2
Metal mining	1.8	1.9	2.2
Fuel extraction	40.8	31.6	32.4
Nonmetallic mining	7.0	6.8	6.6

Source: California Employment Development Department
California Department of Finance

cent increase. In the case of apparel, it is possible that the new immigration law had some influence on the payroll employment figures, reflecting a rising proportion of documented workers in these plants.

The strong housing market, as well as rising export demand, helped boost lumber industry employment by more than 10 percent during 1987. The furniture industry, also quite sensitive to the housing market, posted a 4 percent increase in jobs.

Other notable gains in 1987 included a 4.6 percent increase in printing and publishing employment, 5.5 percent in rubber and plastics, and increases of about 2 percent each in food processing, chemicals and primary metals.

TABLE IV–2
MANUFACTURING EMPLOYMENT
(in thousands)

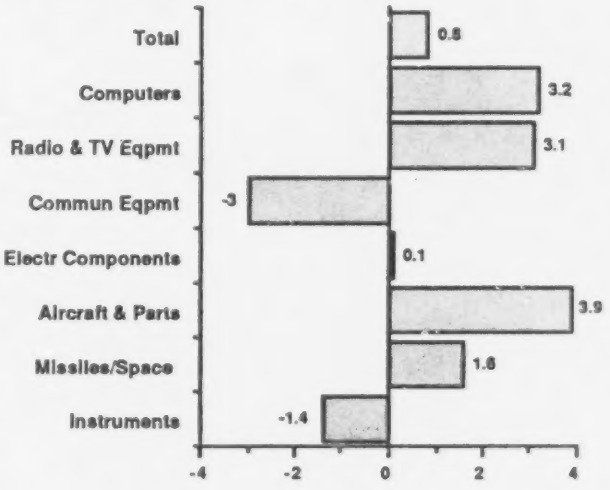
	1986	*1987*	*Percent Change*		*1986*	*1987*	*Percent Change*
Total	2,069.7	2,105.2	1.7				
Nondurable goods	652.7	682.9	4.6	Durable goods	1,417.0	1,422.3	0.4
Food products	170.6	173.7	1.8	Lumber and wood	60.1	66.3	10.3
Textile products	14.9	16.4	9.9	Furniture-fixtures	59.5	61.9	4.1
Apparel	114.7	128.2	11.8	Stone-clay-glass	52.5	52.8	0.6
Paper products	40.0	40.7	1.7	Primary metals	40.8	41.5	1.9
Printing-publishing	145.1	151.8	4.6	Fabricated metals	135.9	134.8	-0.9
Chemicals	64.7	66.1	2.3	Nonelectrical mach	214.0	213.3	-0.4
Petroleum	27.7	27.4	−1.2	Electrical equip	399.7	398.4	-0.3
Rubber-plastics	68.1	71.9	5.5	Transportation equip	306.7	306.6	0.0
Leather products	7.0	6.9	−1.7	Instruments	112.2	110.9	-1.2
				Miscellaneous	35.5	35.8	0.8

Source: California Employment Development Department
California Department of Finance

TABLE IV–3
CALIFORNIA AEROSPACE EMPLOYMENT
Fourth Quarter 1986–87
(Thousands)

	1986:IV	*1987:IV*	*% Chg*
Computers	107.3	111.9	4.3
Radio/TV Equipment	14.6	14.8	1.4
Communications Equip	177.7	173.2	−2.5
Electronic Components	148.5	150.7	1.5
Aircraft	170.2	177.6	4.3
Missiles/Space	81.8	83.4	2.0
Instruments	53.5	53.7	0.4
Total	753.7	765.2	1.5

California Aerospace Employment, 1987
(Percent change)



Small declines were registered in petroleum refining, fabricated metals and both electric and nonelectric equipment. Transportation equipment was unchanged on the year.

Aerospace/Electronics. Electric, nonelectric and transportation equipment encompass the aerospace and electronics sector, where the overall performance remains mixed, when viewing annual average figures. However, most high technology industries were on a rising trend by the second half of the year. Indeed, on a fourth quarter comparison, six of the seven aerospace industries posted gains in payroll employment.

The electronics industries—computers, radio/TV, communications equipment and electronic components—should strengthen in the next year as the lower dollar exchange rate helps reduce foreign competition. In addition, domestic business equipment demand continues to improve.

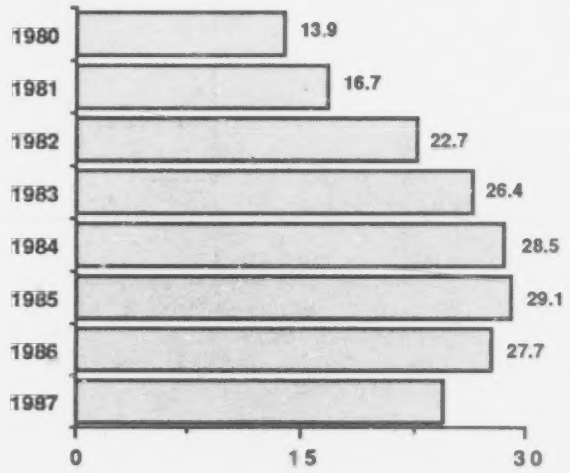
The more defense related industries, including missiles and space vehicles, and portions of aircraft and instruments, will see a softening of demand as defense procurement

TABLE IV–4
DEFENSE CONTRACTS BY PROGRAM AREA, 1987 [a]
(in millions of dollars)

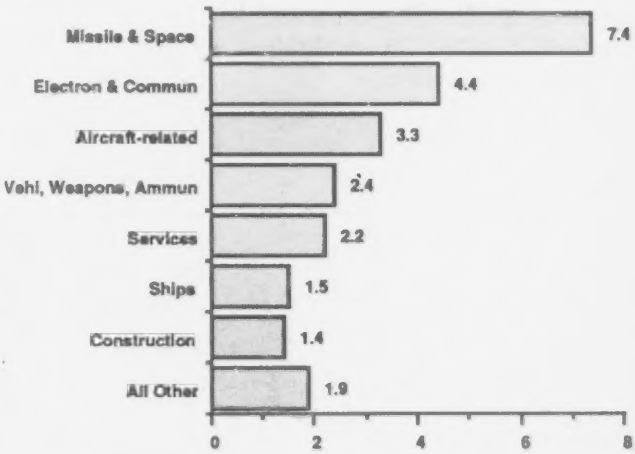
Total	$24,514.5
Airframes	2,468.2
Aircraft engines	94.2
Other aircraft equipment	786.7
Aircraft-related	3,349.1
Missile and space systems	7,365.5
Vehicles	590.4
Weapons	1,092.5
Ammunition	721.3
Petroleum	837.2
Electronics & communication equip	4,434.8
Construction	1,401.7
Construction equipment	0.5
Construction-related	1,402.2
Services	2,193.9
All other procurement	2,527.5

[a] U.S. Fiscal year
Source: Department of Defense

Defense Prime Contracts to California
U.S. Fiscal Years 1980-1987
(In billions of dollars)



California
Defense Prime Contracts by Program Area
U.S. Fiscal Year 1987 (In billions of dollars)



outlays decrease in the years ahead. Prime contract awards, a leading indicator of defense related manufacturing employment, were down sharply in the federal fiscal year ending September 1987. The Department of Defense budget, which leads employment and output by two-three years, implies further declines into the 1990s. However, nondefense aircraft and instruments demand should remain buoyant, helping to cushion the effect of declining defense expenditures.

The prospect of defense spending reductions in the years ahead has once again raised the question of whether California is too dependent upon government military and space expenditures. The State, with approximately 11.5 percent of the nation's workforce and population, routinely receives upwards of 20 percent of Defense Department prime contracts and an even greater share of NASA hardware spending.

Not all this work is performed in California. For both security and political reasons, out-of-state subcontracting is common in the industry, and often required as a contract condition.

Even if contract awards overstate California's share of defense procurment outlay, there remain memories of the early 1970s when the winding down of the Vietnam war and the Apollo program—in addition to skyrocketing air fuel costs—resulted in a severe recession in aerospace which affected the economy of the entire State for several years.

It is quite unlikely that history will repeat itself. For one thing, space spending today is much less than it was in the early 1970s. In addition, although moderate fuel costs have resulted in some postponement aircraft replacement, new orders have picked up sharply in recent months. The aging air passenger fleet, coupled with the benefits of enhanced labor and fuel efficiency, make new equipment quite attractive to the airline industry. The surge in commer-

TABLE IV–5
CALIFORNIA SHARE OF U.S. GOODS PRODUCING EMPLOYMENT
(Percent)

Industry	*1972*	*1982*	*1987*	*Change in Share* 1972–87	1982–87
Total nonagricultural employment	9.79	10.95	11.47	1.68	0.51
Mining	4.65	4.47	5.45	0.80	0.98
Construction	8.04	8.94	11.55	3.51	2.61
Manufacturing	8.05	10.43	11.02	2.96	0.59
Nondurables	6.46	8.12	8.67	2.21	0.55
Durables	9.22	12.04	12.66	3.44	0.62
Food and products	9.60	11.15	10.61	1.01	−0.54
Textiles	1.34	1.65	2.25	0.91	0.60
Apparel	5.91	8.82	11.52	5.61	2.70
Paper and products	5.25	5.63	6.00	0.74	0.37
Printing-publishing	8.34	9.78	10.11	1.77	0.32
Chemicals and products	5.19	6.11	6.44	1.26	0.33
Petroleum and coal	13.13	15.77	16.58	3.46	0.82
Rubber and plastics	7.69	8.78	8.78	1.09	0.01
Leather	2.40	4.81	4.57	2.17	−0.25
Lumber and wood	8.87	7.74	8.97	0.11	1.23
Furniture and fixtures	8.32	11.34	12.06	3.75	0.72
Stone, clay, glass	7.85	8.73	9.03	1.18	0.30
Primary metals	4.54	5.17	5.53	1.00	0.36
Fabricated metals	7.92	9.73	9.44	1.51	−0.29
Nonelectrical machinery	7.43	10.14	10.46	3.03	0.31
Electrical equipment	11.42	17.83	18.96	7.54	1.14
Transport equipment	14.13	15.35	15.21	1.09	−0.13
Instruments	10.11	14.31	15.93	5.82	1.62
Miscellaneous	7.65	11.30	9.69	2.04	−1.61
Total goods producing industries	7.96	9.90	10.96	3.00	1.06
Total nonagricultural employment	9.79	10.95	11.47	1.68	0.51

TABLE IV–6
EMPLOYMENT AND AVERAGE WAGES—GOODS PRODUCING INDUSTRIES
(Employment in Thousands)

INDUSTRY	1982 Employment	1987 Employment	Change, 1982–1987 Number	Change, 1982–1987 Percent	Growth Rank	1987 Average Wage ($)	Wage Rank	Pct. of Avg. Wage
MINING	49.1	41.0	−8.1	−16.5	92	36,046	16	153
CONSTRUCTION	373.5	584.2	210.7	56.4	9	26,200	41	111
MANUFACTURING	1,954.3	2,104.6	150.3	7.7		27,897		118
Durable Goods	1,323.9	1,423.7	99.8	7.5		30,095		128
Furniture	49.5	61.8	12.3	24.9	37	18,108	69	77
Stone, Clay, Glass	50.3	53.9	3.7	7.3	71	26,436	38	112
Primary Metals	47.9	41.4	−6.4	−13.4	87	26,672	36	113
Fabricated Metals	136.5	135.2	−1.3	−1.0	83	24,222	49	103
Nonelectric Machinery	229.9	213.7	−16.2	−7.0		32,117		136
Computers	105.8	106.9	1.1	1.0	78	37,673	11	160
Other Nonelectric Mach.	124.0	106.8	−17.2	−13.9	89	26,555	37	113
Electric Machinery	357.1	397.1	40.1	11.2		32,265		137
Radio/TV Receivers	15.4	15.3	−0.1	−0.9	82	29,356	26	125
Communication Equip.	159.4	172.0	12.6	7.9	69	37,337	12	159
Electronic Components	127.3	152.5	25.2	19.8	52	30,257	24	128
Other Elec. Machinery.	54.8	57.3	2.5	4.5	75	23,163	52	98
Transport Equipment	261.7	307.9	46.3	17.7		34,510		147
Aircraft and Parts	148.4	171.2	22.8	15.4	60	36,423	15	155
Missiles/Space Veh.	51.1	79.6	28.5	55.7	11	36,979	14	157
Oth Transport Equip.	62.2	57.1	−5.0	−8.1	85	25,336	44	108
Instruments	102.3	109.9	7.6	7.4		30,987		132
Measure/Control Device	48.2	52.9	4.6	9.6	64	35,062	17	149
Other Instruments	54.1	57.0	3.0	5.5	72	27,210	34	116
Miscellaneous Mfg.	42.7	36.3	−6.4	−14.9	90	21,176	60	90
Nondurable Goods	630.4	680.9	50.5	8.0		23,300		99
Food Processing	184.5	172.7	−11.7	−6.4	84	24,331	48	103
Textile Mill	12.3	16.4	4.0	32.6	29	19,058	66	81
Apparel	102.7	127.3	24.6	23.9	43	13,704	80	58
Lumber & Wood Products	46.2	66.3	20.0	43.3	21	21,739	58	92
Paper	37.5	40.9	3.4	9.1	68	28,227	30	120
Printing/Publishing	125.8	152.6	26.8	21.3	49	24,408	46	104
Chemicals	64.2	64.4	0.2	0.3	81	31,570	23	134
Petroleum	31.7	27.4	−4.3	−13.7	88	40,831	5	173
Rubber/Plastics	61.1	72.4	11.3	18.5	53	20,486	62	87
Leather Products	10.6	6.9	−3.7	−35.0	94	13,613	81	58
Total Goods Producing	2,376.9	2,729.9	353.0	14.8		27,656		117

cial orders—including those to out-of-state vendors, who are heavily supplied by the California industry —will help offset the drop in military spending.

Most important of all, California's economy today is far more diversified than it was 20 years ago at the peak of the last aerospace boom. At that time, over 4.5 percent of all nonfarm jobs in California were in the aircraft and missile/space industries.

Today, with outlays reaching a new peak, these defense oriented industries account for only 2.2 percent of nonfarm jobs. In other words, defense and space spending has less than half the impact on the California economy now than it did 20 years ago.

Longer Term Perspective. This long economic expansion has produced record numbers of new jobs, both nationally and in California. Some observers, however, question the quality of the new jobs. This view holds that job creation has been concentrated mainly in the service producing sectors, at the expense of manufacturing. The services industries are examined in some detail in a special chapter on Service Producing Industries.

Although goods producing employment has expanded less rapidly than service producing jobs, this does not mean that manufacturing has become less important in the economy. Quite the contrary, this year's Economic Report of the President points out that, using several different measures, manufacturing's share of the nation's gross national product has remained virtually constant over the past 20 years, and in fact was higher in 1987 than at the last business cycle peak in 1981. That relatively fewer jobs have been created in manufacturing than in service producing sectors reflects the more rapid advance of manufacturing productivity.

Detailed income and product accounts are not produced for the states, but there is substantial evidence that in California manufacturing more than held its own during the past five and one half years of economic expansion. Employment figures provide the strongest piece of evidence. California's share of U.S. manufacturing employment has increased by a full percentage point, from 10.08 percent in 1981 to 11.02 percent last year. The advance in California's manufacturing share was virtually twice that for total employment, which increased from 10.95 percent in 1981 to 11.47 percent in 1987. For the first time since World War II, manufacturing employment now accounts for roughly the same proportion of total nonfarm jobs in California (18 percent) as in the nation (18.7 percent).

While no productivity figures are available for states, there is every reason to believe that manufacturing output per hour of work has risen even more in California than the national average. For example, annual productivity gains in excess of 20 percent are commonplace in several high technology industries, which are heavily concentrated in California.

The combination of higher manufacturing employment growth and the probability of larger productivity gains would seem to point to an increased, rather than diminished, role for manufacturing in California's economy.

Comparing the structure of California manufacturing to that of the na-

TABLE IV–7
THE RELATIVE POSITION OF CALIFORNIA MANUFACTURING

	Percent of manufacturing jobs in the United States	*Percent of all nonagricultural wage and salary jobs in California*
1980.....	10.0	20.5
1981.....	10.1	20.4
1982.....	10.4	20.0
1983.....	10.6	19.6
1984.....	10.7	19.5
1985.....	10.8	18.9
1986.....	10.9	18.4
1987.....	11.0	18.0

Source: California Department of Finance

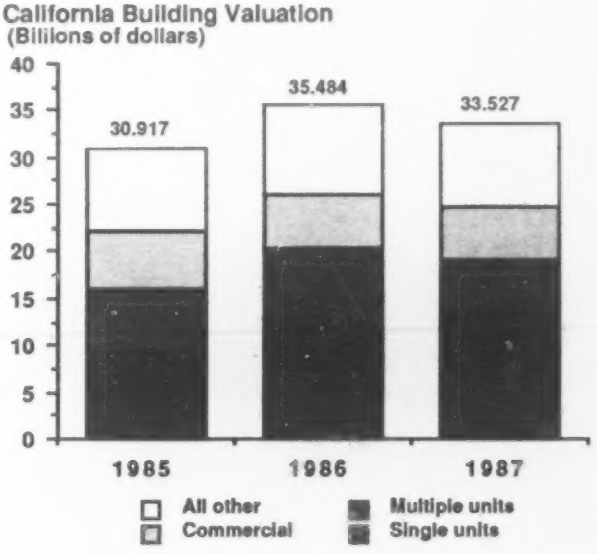


TABLE IV–8
HOUSING UNITS AUTHORIZED IN CALIFORNIA
(in thousands; seasonally adjusted annual rate)

	Single Family		*Multiple Units*		*Total*	
	1986	*1987*	*1986*	*1987*	*1986*	*1987*
January	118.5	152.4	170.5	123.1	289.0	275.5
February	113.3	136.9	134.3	101.1	247.6	238.0
March	116.4	161.3	180.0	133.6	296.4	294.9
April	141.0	143.3	146.0	140.6	287.0	283.9
May	135.8	112.5	144.9	90.7	280.7	203.2
June	148.0	135.4	135.4	126.0	283.3	261.3
July	148.3	128.8	138.8	120.1	287.1	249.0
August	109.1	127.8	157.6	100.0	266.7	227.8
September	158.4	129.8	128.1	86.6	286.5	216.4
October	149.1	113.8	192.0	93.7	341.1	207.5
November	146.1	120.7	141.4	101.7	287.5	222.3
December	248.1	129.9	248.5	101.9	496.6	231.9
Annual Total	143.0	133.3	159.9	115.4	302.9	248.7
Percent Change		−6.8		−27.8		−17.9

TABLE IV–9
VACANCY RATES IN SELECTED AREAS, 1987
(Percent)

Area	*Total*	*Single family*		*Multi-family*
		Detached	*Attached*	
Alameda County	1.8	1.4	3.1	2.3
Anaheim-Santa Ana	2.1	1.1	2.4	3.5
Bakersfield	4.0	2.8	6.9	8.6
Chico	3.8	4.0	6.1	2.7
Fresno	3.4	2.4	4.3	5.9
Los Angeles-Long Beach	1.8	1.2	2.3	2.6
Marin County	2.1	1.5	3.7	3.0
Modesto	3.5	3.1	3.6	6.4
Oxnard-Ventura	1.5	1.1	2.3	2.6
Redding	2.9	2.5	4.7	4.5
Riverside-San Bernardino	4.8	3.3	7.4	9.0
Sacramento	2.9	2.1	4.1	4.8
Salinas-Seaside-Monterey	2.2	1.3	3.4	4.1
San Diego	3.4	1.7	4.1	5.9
San Francisco	1.2	1.3	0.7	1.6
San Jose	2.1	1.1	2.7	4.0
San Luis Obispo	4.4	4.4	4.0	5.5
San Mateo Co.	1.7	1.0	1.7	3.2
Santa Barbara Co.	2.8	1.9	6.3	3.8
Santa Rosa-Petaluma	2.7	2.1	6.0	4.3
Stockton	2.9	1.8	6.3	5.1
Vallejo-Fairfield-Napa	2.9	2.0	3.7	6.2
Tulare County	2.8	2.4	4.5	4.8
Yuba City	2.9	2.2	4.2	4.8

Source: Federal Home Loan Bank of San Francisco

tion, it is clear that the State specializes in higher technology activity such as electrical and transportation equipment and instruments. Underrepresented industries include textiles, paper, chemicals, plastics and primary metals.

California's share of the higher technology industries has been growing in the 1980s. (The small decline in transportation equipment reflects activity in the motor vehicle industry.) The growth in California's share of technology industries employment confirms the state's strong competitive edge in this important sector of the nation's economy.

Manufacturing Outlook. With 1987's late year pick-up in the electronics industries, average manufacturing employment should grow by about 2-1/2 percent this year, up from a 1.7 percent gain in 1987. The composition of growth may differ somewhat. Within aerospace, aircraft and missile employment may level off or decline slightly, but electronic components and computers are expected to more than take up the slack.

In other sectors, apparel, textiles and lumber are expected to remain strong, reflecting the more favorable dollar exchange rate. Paper and chemicals, both operating near capacity, may find it difficult to match last year's growth. On the other hand, petroleum refineries are stepping up production to meet what is expected to be unusually strong summer demand. Food processing depends largely on crop size, but early indications are favorable, at least for most tree crops.

Construction

Once again, construction was the outstanding major sector in California's economy in 1987. Following a 7 percent advance in 1986, construction employment jumped 9-1/2 percent last year unprecedented in the fifth year of expansion.

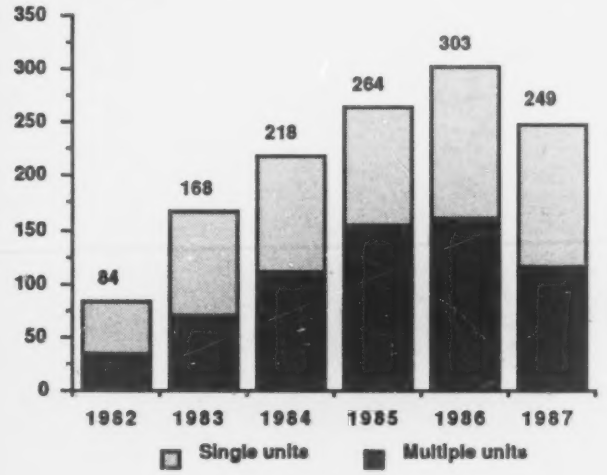
Building permit figures were somewhat less reassuring, however. Housing permits, which exceeded 300,000 units in 1986, dropped back to a still strong 249,000 in 1987. The 1986 figure was artificially boosted by a school construction fee which took effect in January 1987, and may have accelerated as many as 25,000 units into 1986. Adjusting for that movement, there was relatively little difference between the two years: both were very strong.

Nonresidential construction valuations were off 6.8 percent in nominal terms, suggesting a decline of as much as 10 percent in real volume. An overhang of vacant office buildings and 1986 changes in Federal tax law were factors in the nonresidential picture.

Housing. Toward the end of 1987, building permit volume began to drop off noticeably, partly a lagged response to last summer's rise in interest rates. However, the decline was most pronounced in multi-family permit volume, suggesting that the combination of the Federal tax law and rising vacancy rates in some markets, were finally taking a toll.

Multi-family vacancy rates in California averaged near 4 percent during 1987. There was, however, considerable regional variation, with apartment vacancy as low as 1.6 percent in San Francisco, up to a high of 9 percent in the Riverside-San Bernardino area. Single family vacancy rates, on the other hand, were more uniform, ranging between 1 and 3 percent in most areas. Overall, the

California Housing Permits
(In thousands)



1987 Homebuilding Activity by Region
(Percent of total)

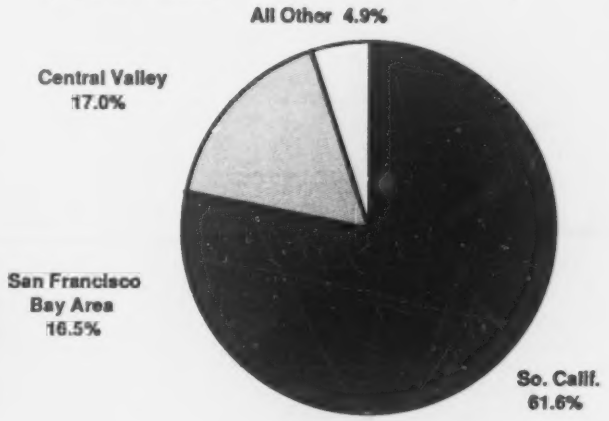


TABLE IV–10
REGIONAL ACTIVITY IN HOMEBUILDING, 1987

	Total Units	*Percent change*	*Percent multi-family housing*
Southern California			
Los Angeles	54,178	−18.2	69.7
Orange	24,659	4.1	62.2
Riverside	17,562	−24.7	21.8
San Bernardino	21,629	−37.3	31.6
San Diego	30,516	−31.6	49.5
Ventura	4,214	−40.7	21.9
Other	426	−45.9	—
Total	153,184	−23.5	—
San Francisco Bay Area			
Alameda	9,374	2.3	52.3
Contra Costa	8,431	−34.9	35.0
Marin	1,284	66.1	36.5
San Francisco	2,442	19.9	93.7
San Mateo	3,011	−12.6	56.7
Santa Clara	7,502	−8.7	59.1
Santa Cruz	1,288	25.7	36.1
Solano	3,209	−31.6	13.4
Sonoma	3,902	2.0	30.8
Other	527	−12.2	—
Total	40,970	−12.3	—
Central Valley			
Butte	1,648	41.6	36.1
El Dorado	1,984	26.2	15.1
Fresno	5,122	−11.4	40.0
Kern	4,965	−0.1	28.7
Merced	1,056	−14.4	23.1
Placer	3,092	50.3	22.4
Sacramento	10,191	−9.4	39.5
San Joaquin	2,979	11.1	31.8
Shasta	1,309	159.2	23.5
Stanislaus	3,938	−31.7	26.5
Tulare	2,048	−9.7	33.1
Yolo	1,470	−1.5	53.3
Other	2,516	1.4	—
Total	42,318	−2.1	—
North Coast-Timber			
Total	2,049	68.4	—
Mountain			
Nevada	1,191	−0.8	14.4
Other	2,660	3.3	—
Total	3,851	2.0	—
Central Coast			
Monterey	1,722	−36.6	35.3
San Luis Obispo	2,336	−12.5	20.6
Santa Barbara	1,935	−2.8	36.2
Other	330	0.6	—
Total	6,323	−17.9	—

Source: Security Pacific National Bank (1986)
Department of Commerce, Bureau of the Census (1987)

vacancy figures suggest some surplus of rental units, but generally tight supplies of single family units.

Single family construction has held up quite well. Beyond the tax law, several forces are at work which heavily favor single family construction over apartment building. There are fewer young adults entering the housing market, a reflection of declining birth rates in the 'sixties and 'seventies. At the same time, the small Depression era generation is beginning to have an effect on the retirement and pre-retirement housing market, which often favors smaller, attached units.

In the middle is the vast post war generation, many of whom are moving up into their second or third house. This segment favors larger detached houses with more amenities, but it is also a discretionary market, able to choose the timing of a move and is thus likely to be sensitive to interest rates, among other factors.

The rising interest rate environment, expected through much of 1988 will probably further dampen home building activity this year. Nonetheless, permit volume in 1988 should again top the 200,000 unit mark, still an above average year for the State's homebuilders.

Regionally, a majority of the State's 58 counties posted gains in new home construction last year. But the balance was tipped by notable declines in several major markets, mainly in Southern California. Volume in Los Angeles County dropped to 54,178 from 66,241 in 1986. San Diego was off 14,000 units to 30,516; San Bernardino was down 13,000 to 21,629; Riverside was down almost 6,000 units to 17,562; and Ventura was off nearly 3,000 to 4,214. Among the major Southern California counties, only Orange posted a gain, up approximately 1,000 units to 24,659.

Most Valley and Foothill counties reported increases in homebuilding volume on the year. Sacramento County was down more than 1,000 units to 10,191, but within the metropolitan area, gains in El Dorado and Placer counties more than offset the Sacramento decline.

In the Bay Area, the performance was mixed, with increases in Alameda, Marin, San Francisco and Santa Cruz counties more than offset by declines in Contra Costa, San Mateo, Santa Clara and Solano counties. Napa and Sonoma counties were little changed on the year.

Nonresidential Construction. Nonresidential buildings valued at $12.3 billion were authorized for construction during 1987, a decline of 6.8 percent from the 1986 level. Including a 2 to 3 percent inflation factor, real volume was down 9 to 10 percent. These building permit figures exclude public buildings and engineering construction (highways, dams, etc.), but include $3.5 billion of alterations and additions to existing structures.

Although office vacancy rates are showing some signs of improvement, especially in downtown areas, there remains a substantial supply of available space, which should be a restraining force in the commercial segment of the market. Nonetheless, commercial valuation was down only 3.7 percent last year, to $5.6 billion. Retail store construction, in the wake of the three-year homebuilding boom, is helping offset weakness in office construction.

Reflecting earlier weakness in manufacturing, industrial construction, at

TABLE IV—11
CONSTRUCTION ACTIVITY IN THE TOP 10 COUNTIES, 1987
(Valuation in millions)

	Nonresidential		*Residential*	
	Value	*Percent of State*	*Value*	*Percent of State*
Los Angeles	$3,864	31.5	$4,807	22.6
Orange	1,338	10.9	1,915	9.0
San Diego	1,126	9.2	2,779	13.1
Santa Clara	759	6.2	721	3.4
San Bernardino	707	5.8	1,586	7.5
Alameda	544	4.4	872	4.1
Riverside	494	4.0	1,533	7.2
Sacramento	417	3.4	819	3.8
San Francisco	357	2.9	344	1.6
Contra Costa	302	2.5	671	3.2

Source: U.S. Department of Commerce, Bureau of the Census

TABLE IV–12
NONRESIDENTIAL CONSTRUCTION ACTIVITY BY TYPE OF PROJECT
(in millions)

	1985	*1986*	*1987*
Commercial	$6,236	$5,742	$5,566
Percent change	10.5	−7.9	−3.1
Industrial	1,957	2,134	1,767
Percent change	−3.1	9.0	−17.2
Other nonresidential	1,800	1,887	1,396
Percent change	15.3	4.8	−26.0
Additions and alterations	3,325	3,401	3,531
Percent change	21.2	2.3	3.8
Total nonresidential	$13,318	$13,165	$12,260
Percent change	11.3	−1.1	−6.9

Source: Security Pacific National Bank, California Database through 1986 Department of Commerce, Bureau of the Census starting 1987

$1.8 billion, declined 17 percent last year. Other nonresidential, mainly hotels, dropped 26 percent to $1.4 billion.

The outlook is for continued softness in nonresidential construction this year, especially in office buildings and hotels. Industrial building activity should firm with the rise in electronics employment, but hotel construction should remain at a fairly low ebb, with a number of large new hotels scheduled for completion this year and early 1989.

A further 5–6 percent drop in nonresidential permit valuation again 9–10 percent in real terms—would seem a reasonable outlook for this sector in 1988.

Highway Construction. During the 1987–88 fiscal year, contracts for $841 million of highway construction were awarded by the California Department of Transportation (Caltrans). This 4.4 percent rise was slightly less than the 6.4 percent increase in construction costs, but followed a substantial real gain in 1985–86.

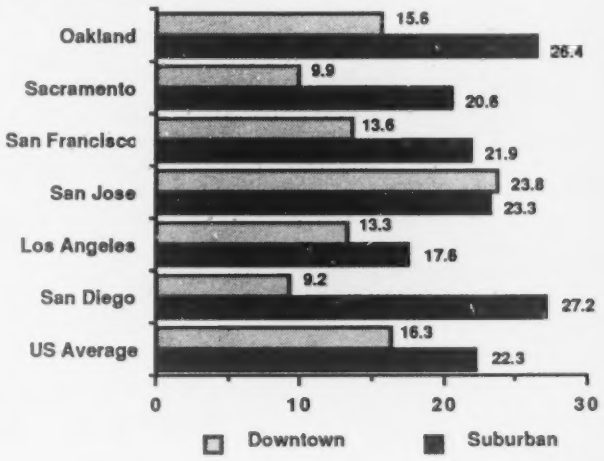
The outlook is for fairly strong increases in highway construction over the next several years. The Governor has proposed a $1.7 billion capital budget for fiscal 1988–89, and would allow for implimentation of the State Transportation Improvement Program (STIP). STIP includes over 1,500 major projects, of which many are on an accelerated schedule for completion. Caltrans engineering staff is also being strengthened and expanded to facilitate planning and construction of both state and locally funded transportation projects.

TABLE IV–13
VACANCY RATES FOR OFFICE BUILDINGS
(as of December)

	1984	*1985*	*1986*	*1987*
United States average.	17.2	20.1	21.5	20.7
Downtown	14.7	16.5	16.4	16.3
Suburban	18.2	22.0	23.8	22.8
Los Angeles	16.7	16.9	17.3	16.8
Downtown	11.8	18.2	15.0	13.2
Suburban	17.8	16.4	17.3	17.7
Orange County	13.1	19.3	23.3	21.3
San Diego	17.9	22.9	23.6	23.0
Downtown	22.2	23.4	17.0	12.8
Suburban	13.9	22.5	27.3	27.7
San Francisco	13.5	16.6	19.4	16.3
Downtown	10.1	13.4	18.1	13.8
Suburban	19.0	22.0	21.4	19.7
Oakland-East Bay	19.1	24.9	28.3	25.0
Downtown	12.1	24.7	19.1	16.6
Suburban	19.7	23.9	31.4	27.6
San Jose	15.7	24.5	26.6	24.9
Downtown	14.7	22.2	18.9	26.1
Suburban	15.9	25.0	28.2	24.6
Sacramento	23.4	26.1	21.3	19.6
Downtown	17.0	16.6	11.3	12.6
Suburban	25.9	29.3	24.8	22.0

Source: Coldwell Banker

Office Vacancy Rates
March 1988 (Percent)



V. THE SERVICE PRODUCING SECTORS

Service producing activities now account for three quarters of all jobs in California, and almost the same proportion nationally. During the last five years of economic expansion, more than four of every five new jobs created in the State have been in service producing industries.

This shift toward service-producing jobs is nothing new. It has been a feature of the State and national economies since the end of World War II. As pointed out in the chapter on Goods Producing Sectors, services are by no means displacing goods in terms of economic importance. Manufacturing's share of GNP has varied little over the years, and in California factory output has probably increased in importance during the 'eighties.

Nonetheless, many observers are uneasy with the continued rise in services employment. There has been a longstanding concern that California's traditionally large services sector somehow connotes the lack of a sound economic base. But the State's goods/services mix, now roughly approximating that of the nation, should help relieve such worries.

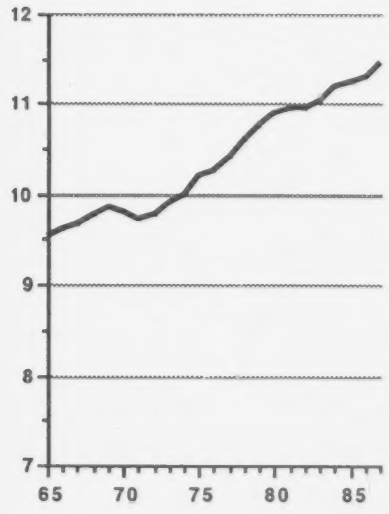
More important, the impression that services amount to nothing more than "taking in one another's laundry" is simply misplaced. Although it may be difficult to visualize, services can be export industries, and thus a source of outside income. Several major California service industries, including finance, motion picture production and business services, fall into the basic or export industry category.

In addition, as technology and the economy become increasingly sophisticated, the distinction between goods and services is blurred. The prime example of this is the often artifical distinction between computers (goods) and software and systems (services).

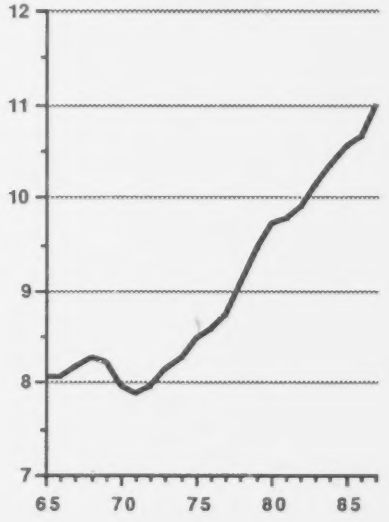
International trade, a major and growing contributor to the State's economy, is largely a service function. Elements of transportation, finance, and government, among others, all play a role in the export and import of goods.

There is also an oft repeated notion that services jobs are necessarily near the bottom of the economic ladder. To some, the phrase "low-paid-service-jobs" has virtually become a single word. Yet, when average wages in nearly 100 industry classifications are ranked, nine of the top ten are in the service pro-

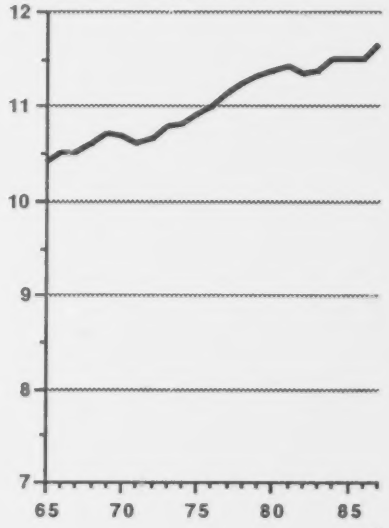
Total Employment
California Percent of U.S.



Goods Producing Employment
California Percent of U.S.



Service Producing Employment
California Percent of U.S.



ducing sector. To be fair, each of the bottom ten are also service producing industries.

The service-producing sectors are extremely diverse, in terms of skills, wages and the the types of work performed. Included here are the professions—medical, legal, engineering and architecture. These are among the most skilled and highly paid groups in the economy.

Service producing activities also include retail trade, hotels, and temporary employees, who are among the lowest paid workers. The lower level of pay in many cases reflects the degree of skill required, but also the often higher proportion of part-time workers in these industries.

For the most part, however, these lower paid industries have only average representation in California, while higher paid industries tend to be more prominent in the State.

By contrast, each of the three "export" service industries mentioned above—finance, motion picture production, and computer-related business services—have much higher than average salaries and are far more prominently represented in California than nationally.

Overall, wages in the service-producing industries average about $1,000 per year less than for all workers in California. Goods producing employees earn about $4,000 more than average. As noted, part time employment is more common in service producing industries. But equally important, the lower pay in services is largely offset by the more stable nature of the sector. Job losses during recessions are far less likely to occur in service producing industries than in say, construction or primary metals manufacturing.

It is probably true the the misconceptions about service producing activities reflect a lack of understanding about the sector. This is not surprising. This giant segment of the economy is not as well analyzed, described or understood as the goods producing sector.

The economic statistical system, devised at time when the production of goods dominated economic activity, covers production and employment in manufacturing in considerable detail. In California, employment statistics for manufacturing run four pages, providing detailed data on the State's 2.1 million factory workers. Some listed industries employ fewer than 1,000 workers.

TABLE V–1
PERCENT DISTRIBUTION OF EMPLOYMENT
BY INDUSTRY
CALIFORNIA AND U.S., 1987

Industry	*California*	*U.S.*	*Calif–U.S.*
Total nonagricultural employment	100.00	100.00	—
Mining	0.34	0.73	−0.38
Construction	4.96	4.93	0.03
Manufacturing	17.98	18.72	−0.74
Nondurables	5.83	7.71	−1.88
Durables	12.15	11.01	1.14
Transportation-utilities	4.95	5.27	−0.31
Trade	23.58	23.56	0.02
Wholesale	5.91	5.68	0.23
Retail	17.68	17.89	−0.21
Finance-insurance-real estate	6.89	6.45	0.43
Services	25.15	23.64	1.52
Hotels and motels	1.42	1.42	0.00
Personal services	1.07	1.13	−0.06
Business services	6.49	4.99	1.50
Auto, other repair	1.40	1.09	0.31
Motion pictures	0.75	0.23	0.52
Recreation	1.05	0.97	0.08
Health	5.99	6.74	−0.75
Miscellaneous	6.98	7.07	−0.10
Government	16.14	16.71	−0.57
Federal	2.97	2.88	0.09
State and local	13.16	13.83	−0.66

In contrast, nearly 9 million service-producing workers are reported on a single page, with such categories as "Other Retail Trade" numbering more than 1.5 million and "Other Services" 800 thousand.

To facilitate a more detailed analysis of the service producing sector, the employment and wage data discussed in this section have been taken directly from Employment Development Department payroll reports. (Employment shares for the U.S. and California are based on the wage and salary employment data, however.) Although these payroll data form the basis for both the official and interim wage and salary employment data, the figures are not strictly comparable. Approximately 50,000 workers in the Services industry group and a further 50,000 in State and Local Government, are not covered by the payroll tax system, but are added to the wage and salary employment data. These non-covered workers represent a decreasing share of total employment and their exclusion does not alter the analysis or conclusions drawn here.

The service producing industries include five major industry groups: Transportation and Public Utilities (TPU); Wholesale and Retail Trade; Finance, Insurance and Real Estate (FIRE); Services; and Government. Together, these groups employed more than 8.9 million Californians in 1987, representing 76.7 percent of all nonagricultural jobs.

The Services Group

The largest of these groups is "Services", which employed an average of 2.9 million in 1987, and now exceeds the 3 million mark. Services is not only the largest but most diverse of the service producing industry groups. It has traditionally been the fastest growing of all industry groups, although since the beginning of this economic expansion in 1982, it has been eclipsed by the more cyclical construction sector.

In 1987, the services group accounted for 25.2 percent of California's nonagricultural employment, as compared to 23.6 percent nationally. This difference is more than accounted for by two industries—business services and motion picture production. Services continues to be a growing share of total employment. In the five years from the recession low in 1982, services accounted for slightly more than 32 percent of the new jobs added in California.

Among the major services industries, business services is the largest and, over the last five years, fastest growing. The 1987 average payroll level of 765,000 workers was up 55 percent over 1982. Included here are such highly skilled and well paid industries as computer and programing (software) services, advertising, and within "other business services", a variety of management and other consultants.

Wages in the computer service industries averaged nearly $35,000 in 1987, almost 50 percent higher than the all-industry average. Employment growth of 78 percent since 1982 was four times the overall growth in California employment. Advertising wages were 39 percent above average, while other business services roughly equalled the average for all payroll workers.

Business services also includes building maintenance; mail, reproduction and stenographic services; and the large, rapidly growing personnel supply industry, comprised

mainly of employment agencies and temporary employment services. The personnel supply industry has grown by 148 percent since 1982, from 60,000 workers to 150,000 last year.

Wages in the temporary employment industry averaged about $12,000 annually in 1987, just over half the all industry figure of $23,552. Part of this reflects the part-time nature of the work, as well as the explosive growth. Rapidly growing industries will have a high proportion of new workers receiving pay for only part of a month, and new workers tend to be hired at wages below the average for all employees in the industry.

It is only possible to speculate as to the reasons for the rapid growth in temporary employment. In part, it no doubt reflects efforts of firms to streamline operations, reducing full-time staff to a minimum. With little cushion to fall back on, vacations, illness and separations must be covered by temporary workers.

On the supply side, the very low jobless rates in the major metropolitan areas suggest that the economy may now be drawing on a pool of workers who do not choose full-time employment.

There is also some evidence that employment arrangements in certain industries—particularly the professions—may be changing partly in response to the 1986 Federal tax law. Workers in some professional offices may now technically be employed by a management firm which handles such aspects as payroll and benefits on behalf of the doctor, dentist or lawyer. Such firms would be classified as personnel supply services even though the employees are in fact engaged in supporting professional services.

Health care is the second largest services industry, employing an average of almost 700,000 in 1987. Wages in the industry, at $26,300 were about 11 percent above the overall average, but range from a low of $11,300 in nursing care (nursing homes) to a high of nearly $50,000 in physicians offices. Employment growth of 15 percent over the last five years lags somewhat behind the 19 percent gain in total employment.

Hotels and motels rank third in size among the services industries, employing 165,000 in 1987. Wages average a little over $12,000, about half the overall figure. Growth of 37 percent since 1982 is just under twice the gain in total employment. Interestingly, although tourism is considered an important industry in California, the hotel/motel industry's share of total employment (1.42 percent) is exactly the same for the State as for the nation.

Personal services, including laundry and dry cleaning, barber and beauty shops, portrait studios and tax preparations services, comprise the

TABLE V–2
CALIFORNIA SHARE OF U.S. SERVICE PRODUCING EMPLOYMENT
(Percent)

Industry	*1972*	*1982*	*1987*	*Change in Share* 1972–87	1982–87
Transportation-utilities	10.00	10.68	10.78	0.78	0.10
Trade	10.09	11.12	11.48	1.39	0.35
Wholesale	9.96	11.03	11.93	1.97	0.90
Retail	10.13	11.16	11.33	1.20	0.18
Finance-insurance-real estate	10.47	12.03	12.24	1.76	0.21
Services	11.09	11.86	12.20	1.12	0.34
Hotels and motels	10.10	10.45	11.50	1.40	1.05
Personal services	10.04	11.03	10.88	0.85	−0.15
Business services	12.62	14.38	14.91	2.29	0.53
Auto, other repair	13.03	15.27	14.70	1.67	−0.57
Motion pictures	25.19	36.39	37.83	12.64	1.44
Amusement-recreation	12.29	12.52	12.45	0.16	−0.07
Health	10.40	10.33	10.20	−0.20	−0.13
Miscellaneous services	10.28	10.91	11.31	1.03	0.40
Government	11.20	10.96	11.08	−0.12	0.12
Federal	11.80	11.95	11.83	0.04	−0.12
State and local	11.05	10.75	10.92	−0.13	0.17
Total service producing	10.65	11.34	11.63	0.98	0.29
Total nonagricultural employment	9.79	10.95	11.47	1.68	0.51

fourth largest services industry. Employment of nearly 126,000 in 1987 was up 21 percent over five years, slightly more than the gain in total employment. Wages averaged just under $12,000 annually, about half the overall figure.

Ranking almost as large as personal services is amusement and recreation services (excluding motion picutres). This category includes a variety of recreational activities from dance and theater, to commercial or professional sports, physical fitness, golf courses, amusement parks, sports and country clubs, ski operations, and day camps. Employment averaged 125,000 in 1987, up 24 percent since 1982. Wages of $18,700 were about 20 percent less than the all industry average.

Two services industries, automobile repair and miscellaneous repair services, are usually reported together and when combined rank slightly larger in size than personal services and recreation. Automobile repair employed 118,000 last year, up 37 percent over 1982. Wages averaged $13,500, about 57 percent of the all industry level. Miscellaneous repair services employed 49,000 at an average wage of $22,000 in 1987. Growth since 1982 has amounted to only 5 percent.

Other services as traditionally reported includes six recognized major industries: legal; private education; private social services; museums; membership organizations; and miscellaneous services. The miscellaneous category is further divided into engineering and architecture; research and development; accounting, and other.

Legal, engineering and architecture, research and development, accounting and other miscellaneous services are all relatively high paying and fast growing industries. Education, social service and membership organizations exhibit slow to average growth rates. Average wages in 1987 were below the all industry level in each of these three sectors.

Rounding out the services industry group is a sector which is relatively small on a national scale but a major contributor to California's economy: motion pictures. In California, the industry employs 91,000, of whom 73,000 are involved in the production of motion pictures and television programs. The remaining 18,000 work in theaters.

Overall growth for the industry has been just under 19 percent over the past five years, but the production portion is up nearly 23 percent. California's share of the U.S. industry is huge and has shown steady growth over the years. In 1972, California accounted for 25 percent of national employment. By 1982, the State's share had risen to 36.4 percent and last year, 37.8 percent of the industry's workers were in California.

Motion picture wages are relatively high. Last year's average was $39,700 for the entire industry, but more than $47,000 for those engaged in motion picture production. The average figure is no doubt influenced by a relatively few very high wages, while there are many in the industry who work only part time or occasionally and who command considerably lower pay.

Transportation and Utilities

This service-producing sector includes industries representing the various modes of transportation:

TABLE V–3
Services Employment Growth
in 1987
(Percent)

Total Services	7.0
Hotels and motels	9.8
Personal services	7.4
Business services	11.4
Auto, other repair	3.0
Motion pictures	7.1
Recreation	5.3
Health services	4.8
Other services	5.7

Source: California Employment Development Department
California Department of Finance

TABLE V–4
EMPLOYMENT AND AVERAGE WAGES—OTHER SERVICE INDUSTRIES
(Employment in Thousands)

INDUSTRY	1982 Employment	1987 Employment	Change, 1982–1987 Number	Change, 1982–1987 Percent	Growth Rank	1987 Average Wage ($)	Wage Rank	Pct. of Avg. Wage
SERVICES	2,206.8	2,887.8	681.0	30.9		22,142		94
Hotels, etc.	120.3	164.8	44.5	37.0	23	12,240	84	52
Personal Services	103.9	125.8	21.9	21.1		11,956		51
Laundry, Cleaning	36.8	45.6	8.9	24.1	42	13,867	79	59
Photo Portraits	5.4	13.7	8.3	153.1	1	11,146	91	47
Beauty/Barber Shops	35.0	39.7	4.7	13.4	62	10,424	92	44
Other Personal Services.	26.7	26.8	0.1	0.4	80	11,385	89	48
Business Services	492.6	765.4	272.8	55.4		21,027		89
Advertising	17.6	26.9	9.4	53.2	17	32,761	21	139
Credit Reporting	10.8	13.9	3.1	28.7	32	20,147	63	86
Mail/Repro/Steno	21.1	31.5	10.4	49.3	18	19,391	65	82
Building Maint.	52.6	71.8	19.2	36.5	26	11,549	88	49
Personnel supply	100.0	203.1	103.1	103.1		13,090		56
Employment Agencies	34.0	42.5	8.5	24.9	38	14,943	76	63
Temporary Employment	60.5	150.0	89.5	148.0	2	12,095	85	51
Other Personnel Supply	5.5	10.6	5.1	93.3	5	19,746	64	84
Computer/Data Proc.	50.7	90.1	39.4	77.7		34,839		148
Program/Software Serv.	20.7	43.3	22.5	108.9	4	38,440	10	163
Data Processing Serv.	22.7	29.9	7.2	31.7	30	27,534	33	117
Other Computer/DP Serv.	7.3	17.0	9.6	131.9	3	38,539	9	164
Other Business Serv.	239.8	328.0	88.2	36.8	24	23,452	50	100
Auto Repair Services	87.3	117.6	30.3	34.7	28	13,470	82	57
Misc. Repair Services	46.5	49.1	2.5	5.4	73	22,002	56	93
Motion Pictures	76.7	91.0	14.3	18.7		39,709		169
Motion Pic. Production	59.8	73.3	13.5	22.6	45	47,176	3	200
Motion Pic. Theater	16.9	17.7	0.8	4.8	74	8,775	93	37
Amusement/Recreation	100.9	125.0	24.1	23.9	44	18,708	68	79
Health Care	602.6	695.1	92.5	15.4		26,309		112
Physicians Offices	102.1	128.5	26.3	25.8	36	49,831	2	212
Dentists Offices	54.4	67.7	13.2	24.3	41	21,232	59	90
Nursing Care	93.9	104.5	10.6	11.3	63	11,316	90	48
Hospitals	271.7	273.3	1.6	0.6	79	23,424	51	99
Medical/Dental Labs.	19.1	19.6	0.5	2.4	76	21,999	57	93
Outpatient Care	36.3	56.5	20.1	55.5	12	28,818	29	122
Other Health Services	25.0	45.1	20.1	80.4	6	17,851	71	76
Legal Services	72.7	111.7	39.0	53.7	15	40,453	6	172
Private Education	125.4	137.0	11.6	9.2	66	16,020	74	68
Private Social Service	118.7	144.8	26.0	21.9	46	11,822	86	50
Museums, etc.	3.2	5.0	1.8	54.1	14	18,781	67	80
Membership Organizations	78.1	91.0	12.9	16.6	57	15,081	75	64
Miscellaneous Services	177.7	264.4	86.7	48.8		28,474		121
Engineer/Architect	72.1	100.3	28.2	39.1	22	28,173	31	120
Research Development	14.6	22.4	7.8	53.5	16	32,146	22	136
Accounting	47.7	74.1	26.4	55.3	13	26,344	39	112
Animal/Landscape/ Other	43.2	67.5	24.3	56.1	10	30,040	25	128

TABLE V-4—Continued
EMPLOYMENT AND AVERAGE WAGES—OTHER SERVICE INDUSTRIES
(Employment in Thousands)

INDUSTRY	1982 Employment	1987 Employment	Change, 1982–1987 Number	Change, 1982–1987 Percent	Growth Rank	1987 Average Wage ($)	Wage Rank	Pct. of Avg. Wage
TRANSPORT/UTILITIES	545.8	579.6	33.8	6.2		29,798		127
Railroads	26.7	19.2	−7.5	−28.1	93	39,193	8	166
Local Interurban Transport.	24.8	28.5	3.7	15.0	61	14,166	78	60
Trucking	111.7	142.6	30.8	27.6	34	22,815	53	97
Water Trans	17.4	21.0	3.7	21.1	50	39,355	7	167
Air Transportation	68.5	79.3	10.7	15.7	59	33,002	20	140
Pipe Lines	1.0	1.2	0.2	20.6	51	42,299	4	180
Transportation Services	36.7	46.4	9.7	26.4	35	21,080	61	90
Communications	187.4	157.2	−30.3	−16.2	91	33,388	19	142
Electric/Gas/Sani Util.	71.6	84.3	12.7	17.7	54	37,284	13	158
WHOLESALE TRADE	581.8	700.0	118.2	20.3		27,577		117
Durable Goods	347.9	408.4	60.5	17.4	55	28,874	27	123
Nondurable Goods	233.9	291.5	57.6	24.6	39	25,759	43	109
RETAIL TRADE	1,702.2	2,074.9	372.7	21.9		13,352		57
Building Materials	60.4	78.7	18.3	30.2	31	17,643	72	75
Gen. Merchandise	230.3	235.4	5.1	2.2	77	13,452	83	57
Food Stores	250.9	290.4	39.4	15.7	58	17,117	73	73
Autos/Service Stations	180.2	218.6	38.4	21.3	48	22,172	55	94
Apparel Stores	104.7	130.4	25.7	24.6	40	11,731	87	50
Furniture Stores	67.8	99.9	32.1	47.3	19	18,092	70	77
Eating/Drinking Places	586.1	752.4	166.3	28.4	33	8,197	94	35
Misc. Retail Trade	221.8	269.2	47.4	21.4	47	14,224	77	60
FINANCE/INS/R.E.	633.9	801.6	167.8	26.5		29,328		125
Banking	205.4	188.7	−16.8	−8.2	86	24,446	45	104
Credit excl. banks	89.6	151.8	62.2	69.3	8	26,330	40	112
Security etc Brokers	24.6	42.4	17.8	72.2	7	92,619	1	393
Insurance Carriers	113.8	133.6	19.8	17.4	56	28,165	32	120
Insurance Agents	59.9	81.8	21.9	36.6	25	28,871	28	123
Real Estate	124.3	181.6	57.3	46.1	20	22,570	54	96
Fin Holding Cos.	16.2	21.8	5.6	34.7	27	34,408	18	146
GOVERNMENT	1,689.1	1,840.2	151.1	8.9		25,162		107
Federal Government	327.1	352.0	24.9	7.6	70	25,868	42	110
State Government	298.7	326.0	27.3	9.1	67	27,137	35	115
Local Government	1,063.2	1,162.2	99.0	9.3	65	24,394	47	104
TOTAL SERVICE PRODUCING	7,359.5	8,884.0	1,524.5	20.7		22,291		95
TOTAL ALL INDUSTRIES	9,736.4	11,613.9	1,877.5	19.3		23,552		100

Source: Employment Development Department payroll statistical reports.
Data differ from official and interim employment figures. See text.

rail; bus and taxi; trucks; ship; air; and pipeline, together with transportation services (travel and freight agents). Utilities include communications and electric, gas and sanitary services.

The industry group has exhibited slow growth, with an employment increase of only 6 percent from 1982 to 1987, to a total last year of 580,000. Growth in this very basic service group has been less than half the increase in population, implying very substantial productivity gains.

Reflecting regulatory changes, both railroads and communications have posted declining employment over the period. Trucking is the largest and fastest growing industry, employing nearly 143,000 last year, up nearly 28 percent from 1982. Wages for the group average just under $30,000 ranging from $14,000 for trucking to a high of $42,000 for pipelines.

Wholesale and Retail Trade

Trade is the second largest service producing sector, employing nearly 2.8 million in 1987. Wholesale trade, at 700,000 in 1987, grew 20 percent over the last five years, in line with the all-industry average. Average wages of $27,600 in the wholesale sector are about 17 percent above the overall figure.

Retailing employed nearly 2.1 million last year, and growth since 1982 has been 22 percent, slightly more than the 19 percent increase in total jobs. The gain in retail employment is more than explained by the rise in retail sales, even after adjusting for inflation. In constant 1982–84 dollars (using the commodities portion of the CPI as a deflator), sales per California retail worker have increased from $75,672 in 1982 to $82,122 in 1987.

Wages in retail trade average $13,350 annually, about 56 percent of the all-industry level. Among the categories of retail trade, furniture stores, building materials and hardware stores, and eating and drinking places have been the fastest growing over the last five years.

Finance, Insurance, and Real Estate

Last year, the financial sector employed a little over 800,000 Californians, with five year growth of 26.5 percent which is somewhat above the rate for total employment. Wages average $29,300, about 24 percent more than the all-industry average.

Growth trends among the various components of the sector are divergent. Traditional banking, for example, has experienced declining employment over the last five years, reflecting deregulation and industry consolidation. Other credit institutions, which include savings and loans, thrifts, small loan companies and credit unions, have experienced rapid growth amounting to almost 70 percent during the period.

Securities brokers represent the highest paid major industry in California, with last year's wage figure of $92,600 boosted by substantial bonus and commission income. Growth in this industry has also been rapid, amounting to 72 percent since 1982.

Government

This group includes employees of Federal, State and Local governments. Military and certain national security personnel are excluded from the Federal figures. Payroll records show 1.84 million government employees in 1987, but as noted earlier, employment data count nearly 1.9 million. Growth in this sector has been slow, amounting to less than 9 percent over the last five years. Federal employment is up about 7-1/2 percent, while the state and local increase is slightly over 9 percent.

Wages averaged slightly more than $25,000 last year, about 7 percent above the all-industry level. Government accounts for 16.1 percent of employment in California, slightly less than the 16.7 percent figure nationally, with the difference accounted for by state and local government.

Until 1978, when Proposition 13 was passed, state and local government's share of California employment was about 1.6 percentage points higher than the U.S. average. In 1979, the shares were about equal, and since then the California share for this sector has fallen slightly below the national figure. The appropriations limit (Proposition 4) has probably had only a minimal effect to date. In 1987, the first year in which the limit was an element in the State's budget, California's state and local share fell 0.1 percent as against a 0.06 percent decline nationally.

Outlook

Overall, service producing activities will continue to experience above average growth rates this year and next. In some cases, however, growth may be somewhat less robust than the 1987 experience. Following last year's 7 percent increase, services employment is seen increasing just under 6 percent in 1988 and 5.5 percent in 1989. One element in this outlook is the expected slowing of growth in the temporary employment services industry, already evident in late 1987-early 1988 employment figures.

Strong growth late in 1987 virtually assures a sharp jump in retail trade employment this year, with a gain of 5.5 percent expected. Following the 1985–87 homebuilding boom, new retail locations are now being added at a fairly rapid pace. Given the recent softness in general merchandise and department store sales, however, it remains to be seen whether this strong retail growth can be sustained. In 1989, retail employment growth is expected to ease to just over 2 percent.

The outlook for financial services is somewhat less robust. Nonbank credit institutions are beginning to undertake the consolidation and streamlining evident in banking since the early 1980s. The brokerage industry is also retrenching to some degree in response to the lower volumes which are typical of a bear market in stocks.

Prospects in insurance and real estate are somewhat better, although the possibility of rising interest rates may curtail residential sales later this year. Following 1987's 5.6 percent advance, financial sector jobs are expected to increase 3 percent in 1988 and just under 4 percent in 1989.

Slow growth and rising productivity will continue to characterize the transportation and utilities industries. Weak growth in the latter part

of 1987 virtually rules out anything more than a fractional gain in average employment this year. Regulatory and competitive pressures will also hold down growth in 1989 to 1 percent or less.

Little change is expected in the growth of government employment this year or next. Employment growth is expected to be a little over 2-1/2 percent this year and a little less in 1989. These figures are about in line with the growth in the state's population and reflect tightly controlled bugdets at all three levels of government.

A Summary View

Is the shift to service producing employment a matter of particular concern in California? In partial answer, the following should be considered:

- There is no evidence that service activities are displacing the production of goods in overall importance in the economy. On the contrary, in terms of real output, it is likely that the production of goods has become more rather than less important in California.
- The mix between goods- and service-producing employment in California now more closely approximates the national average than at any time since World War II. This results from the better—than—average performance of manufacturing and construction in California as compared to the nation as a whole.
- Several service sectors in California are basic or export industries—that is, they provide a source of income from outside the State. It terms of importance to the economy, there is little difference between say, the manufacture of computers (goods production), and of the development of the software and systems to run them (service production). Both are export industries.
- Wages in service industries average about $5,000 per year less than in goods producing industries. This difference is at least partially explained by the higher proportion of part time workers in some service categories and by the relative job stability in services industries.
- Higher paying service industries tend to be overrepresented in California, while lower paying sectors such as retail trade, personal services and hotels have average to below average shares, as compared to the overall U.S. figures.

There is, in short, little to suggest that the continuing rise of service producing activity is at all damaging to the California economy. The strength of services does not imply that a "two-tier" economy is developing, especially since California has far more than held its own in terms of goods producing activities.

The most rapid growth in services has generally been in higher paid export oriented industries, the temporary employment service industry being the notable exception. Wage disparities, where they exist, are largely a function of skill requirements, hours worked, and the cyclical stability of employment.

Diversity, both in the production of goods and the provision of services, has been a key element in the success of California's economy. During the last five years of economic expansion, that diversity has been enhanced by balanced growth in both major sectors.

VI. RESOURCE INDUSTRIES

Agriculture

After the decline in farm income that has characterized the 1980's, the California agricultural economy shows signs of recovery. Steady cash receipts combined with declining production expenses are yielding increasing real net returns. Net farm income in 1986 was assisted by lower interest rates, lower energy costs, increased yields and efficiency, and federal supports of some basic commodities. Early estimates of 1987 total cash receipts are showing California running about 9 percent ahead of 1986, while the National total shows an increase of about 2.5 percent.

There remain, however, after effects of the long farm recession. Foreclosures are still in progress and for the owners who are forced to sell at a loss, these are still the worst of times. Many commercial banks are reluctant to lend in the agricultural sector and have reduced their outstanding agricultural loans by 20–40 percent. The Federal government's Farm Credit Bank "bailout" is helping to stabilize loans, consolidate credit operations into one agency and create a secondary mortgage market for agricultural loans.

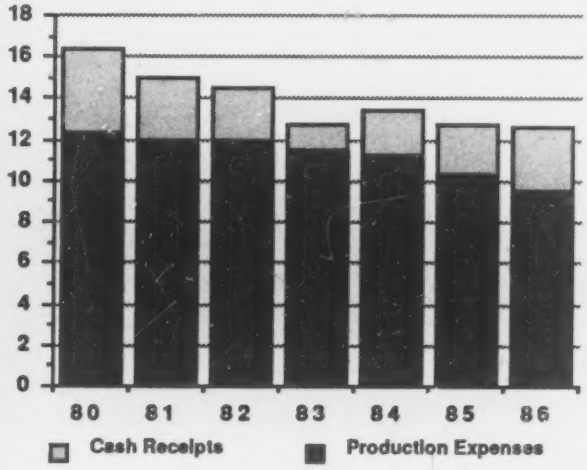
Production. Fruits and Nuts account for almost 25 percent of California's agricultural production and 50 percent of the nation's domestic supply. Production in 1987 was higher than 1986 in several major products, most notably cherries, almonds, prunes, apricots and walnuts. Although this may lead to some price reduction, the 1987 value of production is expected to establish a new record.

Grapes, California's leading fruit product, returned to the $1 billion value level although grape production declined by 4 percent in 1987. Factors that helped this return were increased sales of wine at home and abroad, the meteoric rise of the wine cooler market, a stabilization of the raisin market and a gradual increase in consumption of fresh grapes.

Whether this improved fruit situation will be maintained in 1988 is not entirely clear. Encouraged by the availability of high quality red and green seedless grapes, consumption of fresh grapes continues to increase. Imports of fresh grapes, however, have also continued to increase, especially from Chile. In addition, during the latter part of 1987, wine cooler sales appeared to diminish.

The increased attention by growers to balance production and sales is well-illustrated in pears and peach acreage. After several years of de-

California Real Farm Income
(Billions of dollars)



clining consumption of canned products, substantial reductions in acreage of these crops have been made. A slowing of new plantings in most fruits, especially nuts, is taking place. Almond, avocado and white wine grape plantings have all declined substantially since the early 1980's.

On the other hand, fresh fruits occasionally spark new interest. A surge in Granny Smith apples is now coming into production, for example, and trial plantings of cherimoyas, chestnuts, feijoas, bananas, mangoes, pecans and Asian pears have recently occurred.

Vegetable production in 1987 was 14.9 million tons and was valued at $3.4 billion, exceeding the records set in 1986. Lettuce remains California's leading vegetable with nearly 15 percent of the total vegetable value. Processing tomatoes and strawberries are next in line with 12.3 and 11.8 percent, respectively.

Despite production gains, processing tomato producers have experienced income losses. Although a production record of 6.7 million tons was set in 1987, the drop in the price received resulted in the lowest total income to producers in six years. Strawberries are gaining due to per-acre productivity gains and increased consumption in their fresh state. From 1976 to 1986, technological improvements aided strawberry production. During the same period, acreage expanded and California's share of the national strawberry crop rose from 70 to 77 percent.

In field crops, cotton and alfalfa continue to lead. With prices well above the 1986 level there is little doubt that cotton will remain California's leading field crop. Plantings of cotton were up by 13 percent in 1987 and yields are estimated at 1,264 pounds per acre. Federal programs that assist exports and that reward growers for planting fewer acres have reduced the price depressing stockpile. Also assisting have been the increasing use of cotton by clothing designers and the devalued dollar which improves California's competitive position.

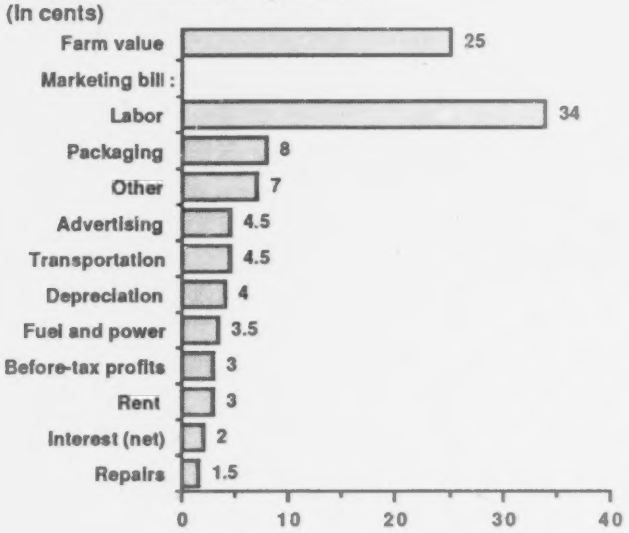
Wheat and rice producers have suffered from drastic declines in export markets but are being encouraged to maintain some level of production through Federal subsidy programs for growers who reduce their acreage.

The fortunes of hay producers follow those of the livestock industry, especially the dairies which are the leading customers. Due to the Dairy Herd Termination Program during 1986 and early 1987, the number of California dairy cows was reduced by 9 percent. The demand for alfalfa hay consequently fell and hay prices were depressed. The return to normal cow numbers in late 1987, however, has improved the hay price situation somewhat.

Revenue. Several factors have combined to provide a better bottom line for California's agricultural industry. Among the factors are increases in per capita consumption of fresh produce, expanding sales of premium wines and wine coolers, the recovery of cotton exports, the devalued dollar and increased state and federal support for export promotion.

Dairy products continue to lead all other categories of California farm revenue. In 1986, milk and cream provided over $2 billion, or 14 percent, of the state's $14.5 billion in farm level income. Cattle was in second place with 9 percent of the total. Grapes, with 7.1 percent, were the leading crop.

Distribution of the Food Dollar:
Farm Value and Marketing Bill, 1987
(In cents)



The relatively small revenue share which each of these leading categories contributed demonstrates the diversity of California's agricultural industry. This diversity has been a great benefit in terms of agricultural employment and input use. Failures or shortfalls in production of one crop are generally offset by greater production elsewhere.

An additional advantage provided by this diversity is the relative independence of California agriculture from the Federal price support programs. In 1986, direct Government payments to all U.S. farmers averaged 8.7 percent of total cash receipts. While Iowa and Texas, the second and third leading agricultural states, received 12 and 11 percent respectively, California farmers received only 3.3 percent of their cash income from direct payments.

This simplified overview, however, masks some of the complexities of the farm price support structure, and its varied impacts on individual states. The Commodity Credit Corporation, for example, has purchased increasing amounts of surplus dairy products in recent years. This method of supporting milk prices has avoided the need to make direct cash payments to dairy farmers.

Dairy Herd Termination Program. The nation's surplus milk production, in pounds of milk, has increased steadily from about 3 percent of production in the mid-70's to 7.3 percent in 1986. In response to the chronic oversupply, the Federal Dairy Herd Termination Program (DHTP) was initiated in March 1986 and completed in August 1987. This program, in which many California dairies participated, was intended to reduce U.S. milk production. Volunteering dairies sold their herds to the government and agreed to forego milk production for five years. Of the $1.8 billion cost of the program, about 40 percent was covered by a special assessment from non-participating dairies.

The program was only temporarily successful, however, as nonparticipating dairies increased their production. California's milk production, for example, increased 4.1 percent over 1986. Projections for 1988 indicate that increased U.S. production from the remaining dairies will trigger further reductions in milk price support levels, as mandated in the 1985 Farm Bill.

Agricultural Trade. Exports of agricultural products from California continue to receive considerable attention. Currently, about one-fifth of California's agricultural products go abroad, down from a record of one-third in 1981.

State and federal export promotion programs along with the lower value of the dollar have, however, reversed the decline in California agricultural exports. Increases are expected for 1987. During the first three quarters, traffic through California port districts of products mainly produced in the State was 133 percent of 1986. The opening of California trade offices in Tokyo and London will further aid exports by making them more visible and accessible.

Opening of barriers to trade is receiving attention through the new trade offices and through preparations for the upcoming negotiations on the General Agreement on Tariffs and Trade. During 1986, significant gains were made in reducing barriers to California wine in Taiwan and walnuts in Japan.

A related issue concerns imports such as broccoli and cauliflower arriving mainly from Mexico. Low labor costs in competing countries such as Mexico have put California growers at a disadvantage. Although fresh broccoli imports are only 1.4 percent of total U.S. production, imports captured 28 percent of the processed market in 1986.

Grower organizations are applying for protection from low-cost imports through the International Trade Commission and legislators are holding hearings to ascertain the potential damage to California's industry and whether any laws or regulations are needed to remedy the situation.

Water. The supply of water is an eternal issue of concern in California agriculture. Consecutive dry winters in 1986-87 and 1987-88 have caused water stocks to be seriously depleted, curtailing supplies in many areas. A third dry year could severely limit supplies for irrigation. Agriculture uses approximately 83 percent of the impounded water supply and great efforts are being made to use this scarce resource more efficiently. Drip irrigation systems, drought-tolerant varieties and new methods of monitoring plant moisture usage are being used to reduce water consumption.

Conservation and ground water recharge projects are being encouraged through low-interest loans. As of February 1988, 65 qualified loan requests have been received by the Department of Water Resources specifically for water conservation projects, many of which will reduce California's ground water demand. Conservation loans are available to any public agency involved in agricultural or urban water management. These programs are important for the agricultural economy as well as for the protection of the environment.

Water conveyance projects are also in process. In the summer of 1987, the San Felipe Division of the federal Central Valley Project completed its initial phase. This project delivers water from San Luis Reservoir to Santa Clara and San Benito Counties. Nearly all the water sent to San Benito County will be used to bring agricultural land into production and to replace boron contaminated ground water.

Another continuing water issue for agriculture is that of drainage in the San Joaquin Valley. Salty drainage water resulting from irrigation in the

Valley must eventually be disposed of to prevent harm to the land. Several hundred thousand acres of irrigated agricultural land on the Valley's western side are underlain by clay that retards water from moving downward. Without drainage, this results in reduced crop yields and can result in land being withdrawn from production.

This problem has been compounded in the past five years by the discovery of selenium toxicity at Kesterson Reservoir. Earlier support of a Valley drain extending from the vicinity of Bakersfield to the western San Joaquin-Sacramento River Delta has been complicated due to concern about adding toxicants to the Bay-Delta water. State and Federal agencies are cooperating in an investigation of the Valley's drainage problem and possible solutions. In the fall of 1987, the San Joaquin Valley Interagency Drainage Investigation released an interim report. A final report is scheduled to be released in 1990.

Environmental Concerns. Three recently enacted laws are causing California growers and ranchers to carefully evaluate what chemicals can be used in agriculture. Proposition 65, the Clean Water Act and the Endangered Species Act are each requiring new assessments of the effects of chemical use. Implementation of the laws will limit the use of specified substances or remove some compounds from agricultural chemicals. This is turn is expected to impact crop patterns and production through new costs and reduced returns.

Research and Education. There is concern both in and out of the agricultural industry about the direction in which technology developments will move. The University of California's work on agricultural technology has come under the scrutiny of the public and courts. A finding that the university's research favored large over small farms is being appealed by the school. Meanwhile, private-sector genetic engineering research has not been received warmly.

There is also concern about the current effectiveness of vocational agricultural education and extension education for youth groups and adults. The question remains of how best to prepare people to enter an agricultural sector that has been reduced to less than 3 percent of the total population.

Forestry

The timber industry's performance depends in large measure on the California and national housing markets. Although housing activity eased in 1987, it was still well above recessionary levels and the lumber industry reflected this.

Lumber production in the State increased 5 percent in 1987 to an estimated 5.1 billion board feet. Production was aided by productivity gains made over the last four years and by the 15 percent tariff on Canadian lumber. Stumpage prices, the price paid for logs before they are processed, were up by 42 percent on national forests. Wholesale lumber prices were up 4 percent over 1986. The number of timber harvest plans filed with the Department of Forestry increased to 1,302 from 1,256, or 4 percent, from a year ago.

Employment in lumber and wood products posted a 10 percent increase in 1987 from 60,100 to 66,300,

TABLE VI–1
CALIFORNIA LUMBER PRODUCTION, 1980–87

Year	*Million board feet*	*Percent change*
1980	3,768	
1981	3,224	–14
1982	2,987	–7
1983	3,574	20
1984	3,891	9
1985	4,168	7
1986	4,865	17
1987 (est.)	5,100	5

Source: Western Wood Products Association.
California Department of Forestry estimate

TABLE VI–2
UNEMPLOYMENT RATES IN SELECTED LUMBER-PRODUCING COUNTIES, 1986 AND 1987

	1986	*1987*
Del Norte	12.8	11.8
Humboldt	9.1	7.5
Mendocino	9.5	8.3
Nevada	7.1	6.0
Shasta	11.2	9.3
Sierra	10.8	9.5
Siskiyou	12.8	10.3
Trinity	13.1	10.8

Source: California Employment Development Department

the highest level since 1979. The growth of employment paper and allied products was less robust at 1.7 percent, partly reflecting capacity constraints. Given these gains, the jobless rate in the eight primary timber-dependent counties fell significantly. Rates fell from 1 to 2.5 percent in each county with the greatest drops occurring in Siskiyou and Trinity as shown in Table IV-2.

The central concern in 1987 was the catastrophic wildfires that burned over 700,000 acres throughout the State. Most of the damage was on federally-managed national forests. According to the U.S. Forest Service, over 450,000 acres of prime timber stands were burned. The worst damage occurred in the counties of Siskiyou, Trinity and Tuolumne. Fire damage to timber resources alone is estimated at $110 million. Total fire damage is put at $150 million.

Aerial seeding of burned areas, stream channel clearing, and road repair are among the emergency rehabilitation and recovery efforts underway. Operation Phoenix, a partnership of government at all levels and industry, is coordinating work in critical areas.

A large part of the recovery effort involves salvaging most of the the 1.8 billion board feet of burned timber in the national forests. Approximately 200—250 million board feet were put up for bid in 1987, and another 1.1 billion board feet are expected to be salvaged in 1988. One hundred and fifty million board feet are scheduled for 1989.

The most severe impacts of the fire damage will be felt in the local communities dependent on the forest resources. Due primarily to the lower value of salvaged timber, Forest Service revenue returns to counties from timber harvesting and other activities are expected to drop $9.1 million, or 18 percent, from what was expected before the fires. The counties, by law, use 50 percent of these receipts for schools and 50 percent for roads.

Although timber harvesting may increase over the short term, the longer term effects of the fires may lead to a decline in timber harvesting while stands are recovering. The recreation and fishery industries are also expected to be adversely affected for years to come. This will in turn affect the rural communities in which these industries are important. The fires underscore the importance of forest lands to the economic and environmental well-being of California.

The effect of leveraged buy—outs, mergers and unfriendly takeovers continue to be a major issue for the timber industry. These transactions often involve the substitution of debt for equity by the acquiring company. The need to increase harvest levels to service the debt has raised questions about the long term sustainability of the forest resource and industry. Over 2.2 million acres of forestlands, valued at over $3.5 billion, have changed hands in 12 transactions since 1978.

Takeovers and industry concentration present challenging issues for industry and government such as the effects on environmental quality, local employment and income, and the need to compensate private interests for providing public benefits.

Energy

Energy consumption continues to increase in California. Demand for energy has grown by 2 percent each year since 1984. Transporta-

TABLE VI–3
PRICE TRENDS IN THE LUMBER INDUSTRY

	1981	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*
Framing lumber composite index	195	169	221	199	194	206	229
Douglas fir: standard & better 2×4	190	167	222	202	175	215	227
California ponderosa pine, #3, 1×12	300	259	251	278	226	252	262
Douglas fir plywood ⅜", CD ext.	148	135	154	152	150	157	151
Stumpage:							
Douglas fir	$146.70	$50.00	$63.30	$65.45	$62.19	$64.00	$83.00
Ponderosa and Jeffrey pine	196.20	66.90	104.00	127.89	94.92	157.00	207.00
All species	156.10	54.50	76.90	80.70	65.46	88.00	125.00

Source: California Department of Forestry

tion accounts for nearly half of all energy use, followed by industrial users who consume 30 percent. Residential and commercial customers require 14 percent and 8 percent, respectively.

Transportation Energy. Transportation represents 48 percent of total statewide energy consumption, and almost 75 percent of California's oil consumption. Except for a brief period in the early 1980's, the demand for transportation fuel has increased steadily due to a growing population, more driving per person and the trend of purchasing larger cars. During 1987, low fuel prices reinforced this increasing demand. The California Energy Commission forecasts that transportation fuel demand will increase by approximately 12 percent during the next 20 years.

While other energy sectors have reduced dependence on petroleum, transportation remains completely reliant on petroleum-based fuels. Although fuel efficiency standards have had a significant impact on petroleum consumption, replacing petroleum with fuel substitutes remains a challenge.

In 1986, the Corporate Average Fuel Economy (CAFE) standards were lowered from 27.5 mpg to 26.0 mpg. This reduced efficiency standard was extended through 1987. The impact of this policy in California will amount to about one extra day's worth of gasoline consumed a year. This is with the assumption that the mix of foreign and domestic cars remain the same.

Oil and Gas. Oil provides about 57 percent of all energy used in California and has been in ample supply since 1981. World crude oil prices rose in 1987 but remained lower than they were in the early 1980's. California crude oil, which is generally of lower quality, followed the price trend in world oil markets.

California produces about 13 percent of the nation's domestic crude oil and ranks fourth in the nation among the oil-producing states behind Alaska, Texas, and Louisiana.

Kern County is the leading California county in oil production, accounting for about 64 percent of the State's total onshore and offshore production. Los Angeles County, with about 12 percent of the total, is in second place.

At the beginning of 1987, California's proved oil reserves—oil that can be recovered economically with existing technology and at current prices—were estimated at 5.5 billion barrels. Approximately 44,000 oil wells were producing at the year's start, compared with approximately 50,460 at the same time in 1986. The number of new oil and gas wells completed to production increased from 1,972 in 1986 to about 2,080 in 1987. The number of new wells drilled increased from 2,324 in 1986 to about 2,630. Although oil prices remained low, the marginal increase encouraged drilling activity. Federal offshore drilling statistics are not included in these figures.

Oil production in California decreased for the second year in a row, reflecting low oil prices. Preliminary estimates put production in 1987 at about 398 million barrels, a 2.3 percent decrease from 1986, and a 6.1 percent decrease from the record set in 1985. These production figures include Federal Outer Continental Shelf (OCS) production, which accounted for about 31.2 million barrels in 1987 compared to 28.7 million barrels in 1986, and production from state tidelands, which decreased from 34.6 million barrels in 1986 to about 30.4 million barrels in 1987. The state tidelands areas lie within 3 miles of the shoreline.

Incremental oil production—oil that is produced as a result of enhanced-recovery projects—totaled about 239.2 million barrels in 1986, or 60 percent of California's total oil production. Steam stimulation of heavy-oil reservoirs was credited with about 172.9 million barrels, or 72 percent of all the incremental oil produced in 1986. Waterflood operations accounted for about 64.6 million barrels, or 27 percent.

Improvement in onshore oil production in 1988 is predicated on production increases from enhanced-recovery projects, which depend on stable, increased oil prices. Any significant oil discoveries will be restricted to deep formations. Prospects for significant increases in gas not associated with oil production are confined to the Sacramento Valley, but are not very encouraging.

Offshore, production in the Federal OCS areas will continue to increase as new fields are brought into production. In the state tidelands areas, production will continue to decline in 1988 because development has not begun on recent tideland discoveries. Many promising areas for new oil and gas fields exist in both state and federal offshore areas. Development may be delayed, however, due to conditions resulting from low crude-oil prices as well as other considerations.

California's dependence on foreign oil is currently less than 10 percent. Use of foreign oil, however, is expected to triple during the next 20 years.

Natural gas accounts for approximately 25 percent of California's total energy use. California produces about 30 percent of its own natural gas. The southwestern United States and Canada supply most of the remaining natural gas. Instate sources are not expected to increase with demand and will account for only 16 percent of California's total gas supply by the year 2007.

Natural gas production in California decreased 5.9 percent last year to about 437 billion cubic feet. At the beginning of 1987, 1,320 gas wells were in operation, compared with approximately 1,305 at the same time in 1986. Proved gas reserves at

the start of last year were estimated at 4.4 trillion cubic feet.

The use of natural gas is increasing largely because of the growth of cogeneration and the extraction of California's heavy oil through thermal enhancement oil recovery (TEOR) technology. Natural gas is the fuel of choice for TEOR operations. Over half of California's oil comes from instate oil deposits which produce heavy oil that must be heated for pumping. One of every three barrels of heavy oil is burned to make steam during the TEOR process. The substitution of natural gas for the TEOR process is expected to free as much as 65,000 barrels of oil per day, or 6 percent of California's oil demand, for uses other than pumping.

Increased natural gas use in TEOR operations is affecting the evolving competition among gas suppliers. Both California gas utilities and interstate pipeline companies are vying for the opportunity to serve this growing market. As a way of ensuring a consistent supply of natural gas at competitive prices, the California Public Utilities Commission is allowing long-term contracts between utilities and TEOR producers.

In the face of increasing competition throughout the natural gas sector, regulatory agencies have been reevaluating regulations. The aim is to ensure that utility service and prices remain competitive with nonregulated suppliers.

Recent state and federal initiatives to deregulate the natural gas industry have established new gas rates based on service cost to each customer class. These actions will likely result in lower rates for large industrial clients who purchase power in quantity, and higher rates for residential and commercial customers who purchase smaller amounts.

Electricity. In most areas of the state, sufficient electricity resources are in place to meet consumption demands for the next 12 years. In addition to electricity generated by investor-owned utilities, municipal and independent power producers, out-of-state power that is owned or purchased by California utilities continues to be an important component of the state's electricity supply.

The California Energy Commission expects electricity rates for all customers to increase faster than inflation for the next two years due primarily to the inclusion of expensive plants, such as Diablo Canyon Nuclear Plant, into the utility rate bases. The reallocation of utility rates among the various customer classes will also contribute to increases.

Self-Generation of Electricity. Privately-owned generation systems are playing an increasingly important role in California's electricity system. The growth of self-generation has been dramatic. From 1982 to 1986 the range of annual growth has been from 28 to 49 percent. Of the new capacity expected to come on line during the next 5 years, privately-owned electric generators are expected to supply two-thirds.

The motivation to self-generate flows from the combined effects of higher electricity rates, attractive costs for small cogeneration equipment, guaranteed high prices for sales to utilities and low fuel prices for gas-fired generation systems. Many electric utility customers have found that they can reduce their electric costs by building their own power systems. The self-generators represent a potentially large source

of electricity supply in California, and an equivalent loss of utility sales, which could have significant financial effects on the utilities and their remaining ratepayers.

To discourage self-generation when its costs are higher than the utilities' own costs, the California Public Utilities Commission will allow electricity rates to better match the cost of service in each customer class. Regulated industries will be allowed to negotiate special contracts with potential self-generators in which rates will be lowered to more clearly reflect actual costs.

Geothermal. California ranks first in the nation and the world in generating electricity from geothermal resources. Statewide, 32 geothermal power plants are on line with a generating capacity of 1,947 MWe. Nine other power plants are either in the planning or construction phase.

About 3.7 percent of the electricity sold by California public utilities is generated from the State's geothermal resources. Most of this electricity is generated at The Geysers Geothermal field in Lake and Sonoma Counties. The generating capacity at The Geysers of 1,719 MWe will be augmented by two power plants now in the permitting or construction stage. These will add a generating capacity of 152 MWe by 1990.

In the Imperial Valley a 35 MWe binary power plant went on line in East Mesa Geothermal field in 1987. A 10 MWe binary plant and 35 MWe binary plant are still operating in the field. A 49 MWe dual—flash plant is operating in the Heber Geothermal field. The Salton Sea Geothermal field has one 35 MWe and one 10 MWe dual flash plant in operation, with three more power plants under construction.

In Mono County, a 7 MWe geothermal power plant is operating at the Casa Diablo Geothermal field near the City of Mammoth Lakes, and a small 0.6 MWe binary power plant is operating at Wendel in Lassen County.

Geothermal exploratory and development drilling activities decreased in California during 1987. About 58 wells were drilled in 1987, compared with 81 wells in 1986. Exploratory drilling decreased from 2 wells in 1986 to 1 well in 1987. During 1987, about 47 development wells, excluding Federal wells, were drilled in The Geysers, East Mesa, Heber and Salton Sea Geothermal fields, compared with 31 wells in 1986.

It is expected that Geothermal exploration and development will remain depressed until some stability is reached in the crude—oil market.

Energy Technology Export. California represents much of the nation's industry for new energy technology. For example, over 90 percent of the nation's wind and geothermal development projects occur in California. This industry is currently working to increase its export market for new energy technologies and related services. International markets are a significant area for expansion, especially in developing nations.

To enhance California's potential for success in international competition for these markets, the California Energy Commission has initiated a business export assistance program. The program's initial trade mission occurred in October 1987 and resulted in immediate sales of $500,000 and $13 million more in potential sales. The 67 firms involved in this program include virtually all the countries of Latin America and the Pacific Rim.

International sales of renewable energy, cogeneration and energy conservation technologies are expected to increase 6 percent annually over the next 2 years.

Protecting the Environment

The environmental costs which accompany economic development are not quantitative so much as qualitative. Environmental erosion adversely impacts the well—being of all Californians by way of human health, vegetation, natural ecosystems, and visibility. The maintenance of California's natural resources is an issue of concern for its future strength and appeal.

Increasing attention has been paid to the various aspects of environmental protection over the years and has led to advancements. For example, improvements in air quality have been made, the problems of waste management and toxics are being addressed, and environmental impact reports are now commonplace. Each of these aspects is vitally important for the future development of the State.

Air Quality. A continuing environmental challenge to California is the problem of air pollution in the face of steady economic growth.

Over the years California has led the nation in seeking ways to solve its air pollution problems. Despite these efforts, however, the National Ambient Air Quality Standards are regularly exceeded. The state's most well known air pollution problem is ozone in the South Coast Air Basin. While air quality in this area has improved significantly over the years, in 1986 the Standard was exceeded on more than 150 days. Although standards were still exceeded in 1987, improvements were realized due in part to favorable weather conditions.

Under provisions of the Federal Clean Air Act, California faces sanctions in those areas not meeting the Standards. Congress, however, recently imposed a moratorium on application of the sanctions until August 1988. There is widespread recognition that given the complexity of the air pollution problem, the

current version of the act is not realistic. The moratorium allows California and other states to work with Congress in developing an alternative approach which will produce a downward trend in pollutant emissions while still allowing for economic growth.

The problem of and solutions to pollution are of a long—term nature. Much time is necessarily involved in the planning and enactment of pollution control measures. The lag between the enactment of control measures and their results also adds to the time frame. Recent improvements in air quality are the result of pollution control measures enacted over many years.

With motor vehicles being the largest single cause of pollution in California, The Air Resources Board (ARB) is continuing toward its goal of substantial vehicular emissions reductions by the year 2000. Most of the reduction will be achieved through future standards and those currently on the books. For example, a testing and recalling program has been implemented to ensure proper vehicle manufacture. Adequate maintenance by the vehicle owner is encouraged through measures such as the State's Smog Check Program. Efforts are also being made to expand the use of particulate traps, currently used on cars, to other diesel vehicles such as transit buses.

After the year 2000, increases in the number of vehicles will overwhelm gains made by control technology and new strategies will be required. The substitution of cleaner fuels for gasoline and diesel fuels provides the most promise for continuing emissions reductions from the vehicle fleet without forcing changes in the transportation system.

Several state agencies and industries are working together to investigate, and if appropriate, facilitate a transition to methanol vehicles. Specific efforts include the use of methanol demonstration fleets and development of regulations for controlling the reduced emissions from such vehicles. Methanol is available in limited quantities today. Over the long run, however, it could be produced from the nation's vast coal reserves.

During 1987 the ARB led the Southern California Air Quality Study, the most extensive study of air quality in 15 years. Participants included more than 50 scientific teams from around the world, representing governmental, industrial and educational interests. This study will yield new information on the interaction of pollutant sources, meteorology, and air quality in producing pollution and significantly improve air quality modeling.

Toxic Air Contaminants. The Air Resources Board also continues to implement the toxic air contaminant program in effect since January 1984. To date, the ARB has identified nine toxic air contaminants: benzene, ethylene dibromide, ethylene dichloride, hexavalent chromium, dioxins, asbestos, cadmium, carbon tetrachloride and ethylene oxide.

The ARB has released control plans for the first four of these contaminants, addressing issues such as emissions sources, substitute compounds, technological feasibility of the control measures, and the measures' impact on the environment and economy. The control measure for benzene, for example, requires retail service stations in ozone attainment areas to install vapor recovery systems. A control plan has been adopted for hexavalent chromium which will reduce cancer risk from chromium in the State by over 2000 cases.

VII. FOREIGN TRADE

Foreign trade contributes significantly to the California economy. The value of exports and imports through the three customs districts amounted to more than $118 billion in 1987. Estimates of the number of jobs supported directly by the industry vary considerably, but probably exceed 500,000. While specific data on the value of investment in new facilities is not available, it is known that the expanding role of foreign trade is providing a strong stimulus for modernization at major ports.

The importance of trade flows has been highlighted in recent years with the dramatic change in the value of the U.S. dollar. Once a somewhat obscure economic statistic, the monthly trade balance has become a critical factor influencing international financial markets. The deterioration in the nation's trade balance between 1984 and 1986 was largely responsible for the sharp slowdown in growth.

The depreciation in the value of the dollar over the past two years has led to a gradual turnaround with exports strengthening and the growth in imports being curtailed. Assumptions on trends in the trade balance have become one of the primary determinants of forecasts of economic activity.

In the case of California, there is a direct benefit from trade activity —whether exports or imports—in terms of job creation and the payrolls generated. Secondary effects are also significant. Specific sectors are more directly impacted by foreign markets for the state's exports. Agriculture and manufacturing, for instance, suffered from the strong dollar in earlier years, and are now able to take advantage of the comparative price advantage afforded by the weaker dollar.

The 1987 *Economic Report of the Governor* included a detailed section on foreign trade, covering such aspects as the pattern of trade and commodity flows with major trading partners and determinants of trade activity. This Chapter is an update of the previous review, with selected data for 1987. More detailed information on commodity flows by country are available on request to the California Department of Finance.

Growth in Trade Flows

Total trade through the San Francisco, Los Angeles and San Diego customs districts amounted to $118.1 billion last year, a gain of 15 percent from the 1986 level. This was achieved by a surge in exports,

TABLE VII–1
TRENDS IN FOREIGN TRADE
(in millions)

	Exports	*Imports*	*Total*	*Trade balance*
1970	$4,245	$4,408	$8,653	–$163
1975	10,340	11,715	22,055	–1,375
1980	26,974	29,414	56,208	–2,619
1981	29,990	31,690	61,680	–1,700
1982	29,120	32,583	61,703	–3,463
1983	29,380	37,944	67,303	–8,564
1984	32,204	49,270	81,474	–17,067
1985	32,396	61,606	94,002	–29,210
1986	32,838	69,875	102,713	–37,037
1987	39,663	78,478	118,141	–38,815

which were up by 20.8 percent, and a more moderate rise of 12.3 percent in imports. Imports continue to dominate, however, with value roughly twice that of exports.

California's trade remains diverse, covering a broad range of products. Agricultural produces, data processing equipment, electronic equipment, aircraft, and scientific instruments account for 51 percent of all exports. On the import side, electronic equipment, apparel, communications equipment, motor vehicles, and data processing equipment account for the largest shares.

The relative importance of the state's trading partners has changed somewhat, however. Japan accounted for 45.2 percent of all imports into California in 1986. In 1987, in contrast, its share had fallen to 41 percent. Korea, Taiwan and Singapore realized a relative gain in trade with California. These shifts can be attributed largely to changes in the value of the dollar.

Impact of the Declining Dollar

Movements in the value of the dollar have been dramatic over the past year-and-a-half. The dollar reached a high in February 1985, at 260 Japanese yen, 3.3 deutschmark and $1.09 per British pound. In effect, it was overvalued, and an adjustment to a more realistic level was widely expected. The speed with which the adjustment occurred was not expected, however.

By February 1986, the dollar had declined approximately 25 percent in terms of the trade-weighted currency measure calculated by the Federal Reserve Board. Depreciation against some currencies, such as the Yen, Deutschmark and French franc, were even greater.

A low point was reached at the end of the year, with the dollar falling to 122 yen for a brief period. This was the result of currency speculation rather than a response to underlying forces. In subsequent weeks the dollar returned to a more stable level which has generally held in early 1988.

The impacts of these changes have reflected the complex nature of the trade situation. Initially, there was little effect. Imports continued to rise, while exports lagged. This could be traced to a variety of factors. Price changes were muted initially, as currency adjustments were absorbed along the line. Foreign producers and exporters were able, for instance, to reduce margins and thereby keep their markets strong. Consumer preferences continued to favor imports in many instances. When price pressures began to build, foreign producers looked to production sites in other countries with currencies tied more directly to the U.S. dollar. Such adjustments reflected the problems inherent in resolving the trade balance.

Under the J-Curve theory, major currency realignments will have a delayed impact on trade flows. Rigidities in trading patterns keep imports rising even as a country's currency depreciates. Export improvement is also slow in coming about. As a result, a country's trade situation will worsen until purchasing decisions begin to reflect changes in relative prices.

TABLE VII–2
THE VALUE OF THE DOLLAR
(Units of foreign currency per $US except as noted)

	February 1985	*February 1986*	*February 1987*	*February 1988*
Japanese yen	260	185	153	129
British pound ($US per pound)	1.09	1.43	1.53	1.76
German mark	3.30	2.33	1.82	1.70
French franc	10.09	7.16	6.08	5.73
Italian lira	2042	1588	1298	1250
Canadian dollar ($C per $US)	1.355	1.404	1.334	1.268
Weighted average exchange rate (FRB)	158.4	118.8	99.5	91.1

In practice, the J-Curve improvement was delayed for more than two years. During this period, each ratcheting down in the dollar essentially set a new adjustment process in motion. It also appears that other factors supporting imports remained strong, while export growth lagged.

There are several reasons for the slow improvement in exports. Beyond the dollar exchange rate are a number of elements which are more difficult to quantify, and which may be specific to certain countries or cultures. Such barriers to trade—including quotas, tariffs, and specific product standards—continue to be a problem. There has been notable progress in some areas. Consumer preferences are also critical. Changes in such preferences will be achieved gradually, and may well be influenced by marketing efforts of U.S. producers.

The trade situation cannot be taken in isolation. Imports into the U.S.—and California—are related to overall economic conditions. A strong level of final demand, solid income gains, a favorable employment outlook and low inflation will tend to keep demand for imports high.

Exports, however, depend on global conditions. U.S. producers are marketing in a wide range of countries, with sharply different economic bases, rates of growth, life styles, tastes, and national policies. Success depends on effective marketing efforts designed for individual markets.

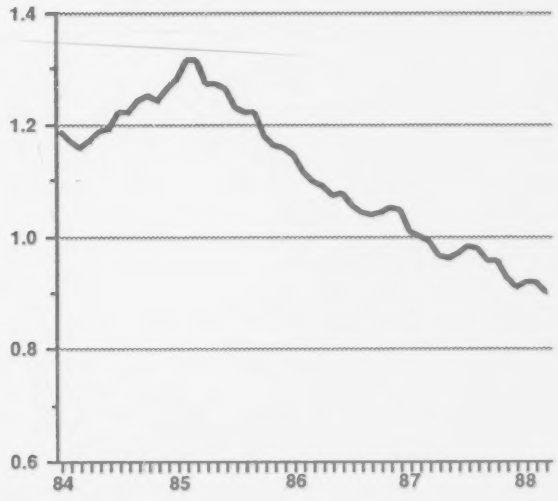
The improvement in the trade balance seen by the end of 1987 was reflected in a wide range of industries—an indication that it may mark the start of a sustained gain. Manufacturing has seen a strengthening in orders from abroad, suggesting that the devaluation of the U.S. dollar is finally benefitting American producers. Chemical, electronics, data processing equipment, automotive and apparel firms have all reported a strong upturn in demand.

Other indicators suggest the long-awaited turnaround is developing. The Export Import Bank is reporting new activity from smaller business entering the export market for the first time. Ports are benefitting from the higher volume of shipments. There are reports that cargo space is becoming more difficult to obtain. On the import side, a gradual slowdown in demand has led to stockpiling of products at some ports. Overall, the next two years should see significant improvement in the merchandise trade balance.

There is another aspect to the trade balance which will have longer run implications. Major foreign producers have started looking to the U.S. to establish new plants and thereby benefit from the currency differentials. Devaluation of the U.S. dollar has made wage rates in this country competitive, and quality is now perceived as having increased significantly.

Joint ventures have been increasing steadily in the auto industry. Other industries are now seeing greater interest from foreign investors. The United States remains one of the best locations for long term investors. The Japanese, for instance, have undertaken substantial investment in California, partially recycling the large dollar holdings accumulated as a result of the U.S. trade deficit. They now own four of the top 10 banks in the State, for instance, and have made major purchases of

U.S. Trade-Weighted Exchange Rate



prime commercial properties in major metropolitan areas.

Shifts in Trading Partners

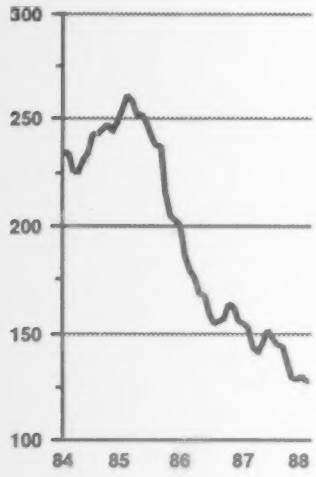
Currency realignments have had a dramatic impact on the relative share of trade held by the state's primary trading partners.

The abrupt shift which took place in 1987, reflecting the sharp depreciation of the dollar, is illustrated in the shares of the state's top 17 trading partners. As a group, these countries account for approximately 87 percent of the exports leaving California ports, and 92 percent of all imports.

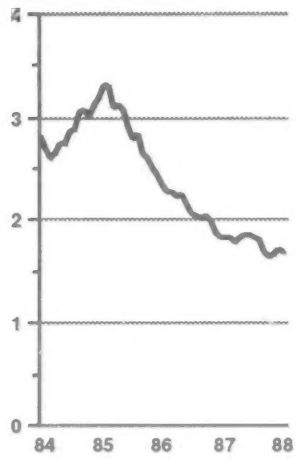
The trend has been toward those countries with currencies closely aligned with the dollar, and away from those which have seen the most strength. As noted earlier, Japan has shown a moderate decline, reflecting the significant appreciation of the yen. Countries such as Korea, Singapore and Taiwan, in contrast, have seen an expanded share of trade through California

Foreign Exchange Rates

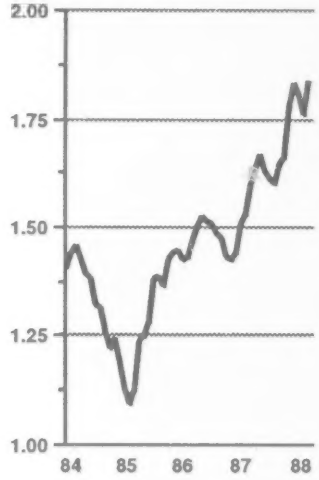
Japan
(Yen per U.S. dollar)



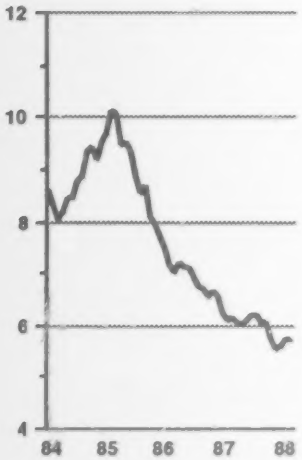
West Germany
(Marks per U.S. dollar)



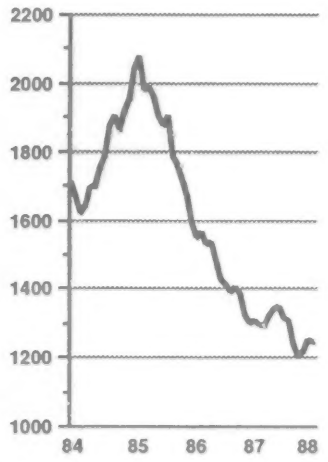
United Kingdom
(U.S. dollars per pound)



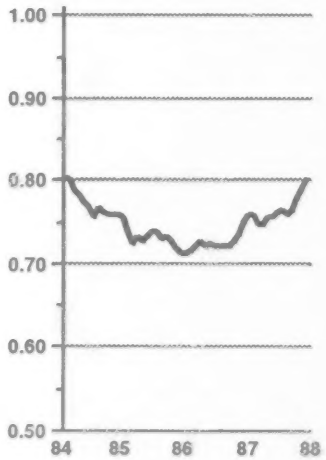
France
(Francs per U.S. dollar)



Italy
(Lira per U.S. dollar)



Canada
(U.S. dollar per Canadian dollar)



ports. Their currencies have risen far less in relation to the US dollar.

There are other aspects which bear on the recent trend. Overall economic conditions are critical. The fact that the economies of California's primary trading partners remain strong has supported demand for exports. Beyond this, shifts may also be attributed in part to public and political pressures to force countries with large trade balances vis-a-vis the United States to open their markets to more American goods. The 1987 trade data suggest that such efforts have had at least some success. Exports to Japan and Korea, to cite two examples, are up markedly.

Exchange rates are still the major factor in the foreign trade situation, however. The 20.8 percent rise in exports last year marked a dramatic improvement from the anemic performance of prior years. Export growth was particularly strong with Pacific Rim partners, Italy, the U.K and Mexico.

The import side of the equation suggests that a negative trade balance will continue for some time. Import growth in 1987 was 12.3 percent, about the same as in 1986, although down markedly from the 25 percent rise in 1985. These comparisons mask some of the particularly significant changes during the past year. Imports from Japan rose only 1.9 percent in 1987. Shipments from other major Pacific Rim countries, in contrast, were up even more than in 1986. This is an indication of the underlying reliance on imports in many respects. It also illustrates why the negative trade balance will not easily be eliminated.

The initial decline of the dollar from early 1985 to the end of 1986 was not reflected in prices to any great extent. This was due to the absorption of currency adjustments by producers and trade brokers. As time went on, however, and the dollar continued to slide, it became more difficult to hold the line, and consumers were faced with escalating price tags.

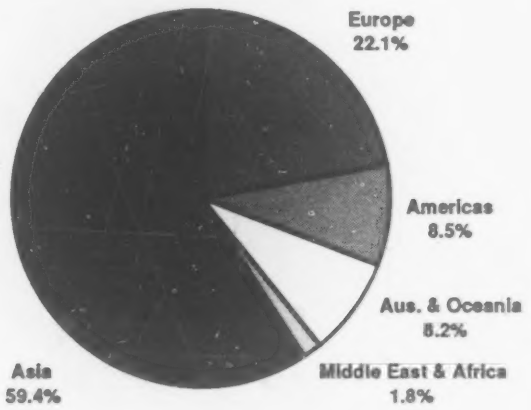
Foreign producers stepped up efforts to get around this situation in various ways. Production was shifted to other countries with lower costs, and currencies which had not risen as much in terms of the dollar. Other firms opted for production in the U.S. in order to maintain their market share.

The changes evident from Table VII-3 suggest that trading patterns are undergoing major changes. Data for 1988 should reflect shifts which take longer to achieve. By that time, the process of adjusting to new exchange rates will have been under way for two years.

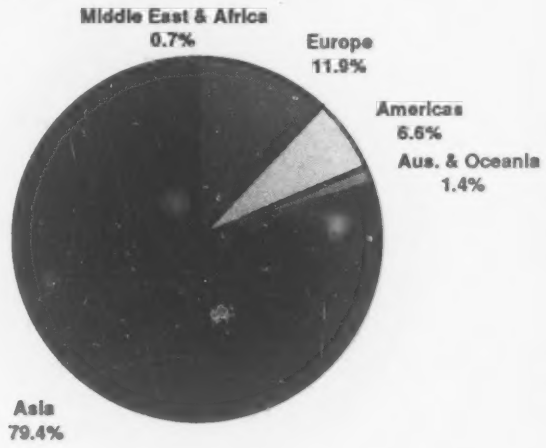
Commodity Flows

Exports from California customs districts tend to be concentrated in approximately a dozen categories. Generally speaking, there is little change from one year to the next. Data for the past four years, for instance, indicate only marginal shifts among broad product categories.

Regional Share of 1987 Exports from California Ports



Regional Share of 1987 Imports into California Ports



Imports show the same stability, although the number of commodity groups involved is considerably greater.

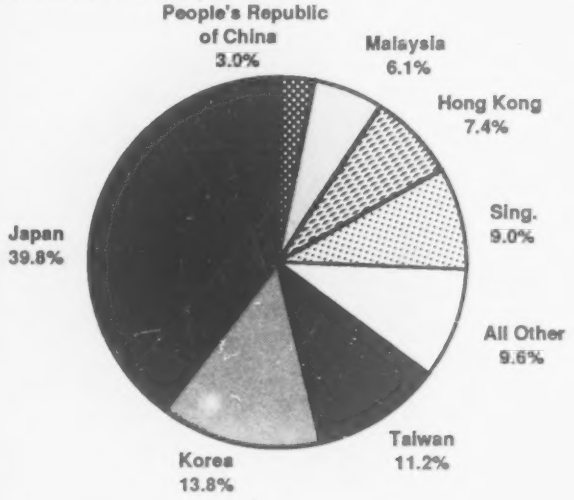
This is not surprising, considering that specialized products are involved in many instances. Furthermore, the establishment of foreign p. oduction sources over the years promotes stability.

Data Improvements

The U.S. Bureau of the Census recently began compiling information on the state of origin of exports. Data will be released quarterly, with full year figures for 1987 available around mid-year. Companion series on the destination of imports are also scheduled for publication in the future.

In the interim, the relative size of California suggests that the data on shipments through California ports can be regarded as a reasonable proxy for trends in California markets.

Distribution of Exports to Asia



Distribution of Imports from Asia

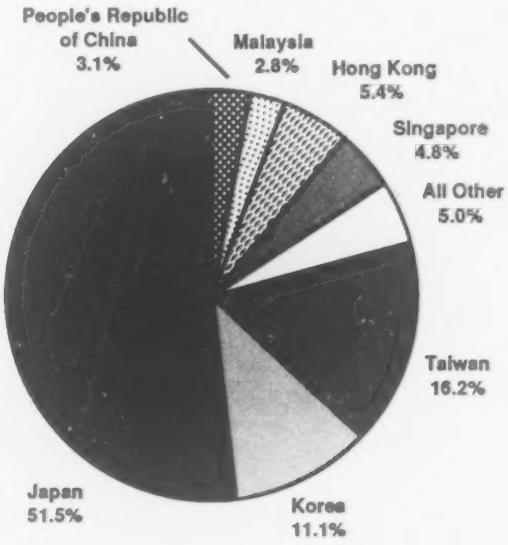


TABLE VII–3
TRENDS IN FOREIGN TRADE WITH SELECTED TRADING PARTNERS

Country	Exports				Imports			
	1984	*1985*	*1986*	*1987*	*1984*	*1985*	*1986*	*1987*
$ Thousands								
California	32,203,469	32,395,553	32,838,308	39,663,249	49,270,258	61,605,849	69,875,002	78,477,816
Canada	757,735	714,253	692,026	603,974	727,358	1,082,901	1,105,938	1,096,145
Mexico	1,554,281	1,855,692	1,774,628	2,113,887	1,496,468	1,653,408	1,977,427	2,521,031
Great Britain	1,494,400	1,566,466	1,640,011	1,912,329	861,869	1,111,747	1,214,138	1,398,568
France	754,305	925,901	1,122,332	1,190,668	635,679	739,098	857,932	781,901
Netherlands	584,638	724,181	802,538	867,393	224,448	295,702	312,670	307,541
Italy	483,778	641,615	528,151	652,887	737,354	974,064	1,152,072	1,184,631
West Germany	1,078,628	1,330,563	1,667,017	1,857,109	1,886,356	2,708,246	3,134,746	3,560,741
Australia	2,797,021	3,037,195	2,605,902	2,678,115	546,040	635,616	598,475	789,657
Hong Kong	1,563,307	1,238,111	1,316,357	1,752,497	2,277,236	2,752,453	3,047,246	3,395,928
Indonesia	392,789	274,911	331,268	283,303	1,453,229	1,064,802	635,546	720,890
Japan	7,690,987	7,470,195	7,692,445	9,369,032	20,374,826	27,769,269	31,651,307	32,140,774
Korea	2,820,306	2,651,502	2,433,555	3,260,057	3,564,139	4,173,142	5,143,898	6,905,645
Malaysia	1,358,503	1,041,941	1,145,659	1,437,839	1,480,989	1,295,331	1,398,616	1,735,518
Philippines	1,056,751	772,784	696,811	879,275	1,119,358	901,628	799,934	852,140
Singapore	1,835,860	1,703,964	1,571,970	2,119,006	1,492,972	1,497,041	2,094,106	2,979,279
Taiwan	1,749,944	1,460,749	1,720,963	2,650,438	5,211,255	6,687,400	7,856,427	10,103,875
Thailand	503,981	316,808	408,591	746,282	528,340	586,809	730,113	883,305
% of California total								
California	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Canada	2.4	2.2	2.1	1.5	1.5	1.8	1.6	1.4
Mexico	4.8	5.7	5.4	5.3	3.0	2.7	2.8	3.2
Great Britain	4.6	4.8	5.0	4.8	1.7	1.8	1.7	1.8
France	2.3	2.9	3.4	3.0	1.4	1.2	1.2	1.0
Netherlands	1.8	2.2	2.4	2.2	0.5	0.5	0.4	0.4
Italy	1.5	2.0	1.6	1.6	1.5	1.6	1.6	1.5
West Germany	3.3	4.1	5.1	4.7	3.8	4.4	4.5	4.5
Australia	8.7	9.4	7.9	6.8	1.1	1.0	0.9	1.0
Hong Kong	4.9	3.8	4.0	4.4	4.6	4.5	4.4	4.3
Indonesia	1.2	0.8	1.0	0.7	2.9	1.7	0.9	0.9
Japan	23.9	23.1	23.4	23.6	41.4	45.1	45.3	41.0
Korea	8.8	8.2	7.4	8.2	7.2	6.8	7.4	8.8
Malaysia	4.2	3.2	3.5	3.6	3.0	2.1	2.0	2.2
Philippines	3.3	2.4	2.1	2.2	2.3	1.5	1.1	1.1
Singapore	5.7	5.3	4.8	5.3	3.0	2.4	3.0	3.8
Taiwan	5.4	4.5	5.2	6.7	10.6	10.9	11.2	12.9
Thailand	1.6	1.0	1.2	1.9	1.1	1.0	1.0	1.1
Total for countries shown	88.4	85.6	85.7	86.7	90.7	90.8	91.2	90.9

TABLE VII–3—Continued
TRENDS IN FOREIGN TRADE WITH SELECTED TRADING PARTNERS

Country	Exports				Imports			
	1984	1985	1986	1987	1984	1985	1986	1987
Annual percent change								
California		0.6	1.4	20.8		25.0	13.4	12.3
Canada		−5.7	−3.1	−12.7		48.9	2.1	−0.9
Mexico		19.4	−4.4	19.1		10.5	19.6	27.5
Great Britain		4.8	4.7	16.6		29.0	9.2	15.2
France		22.7	21.2	6.1		7.8	16.1	−8.9
Netherlands		23.9	10.8	8.1		31.7	5.7	−1.6
Italy		32.6	−17.7	23.6		32.1	18.3	2.8
West Germany		23.4	25.3	11.4		43.6	15.7	13.6
Australia		8.6	−14.2	2.8		16.4	−5.8	31.9
Hong Kong		−20.8	6.3	33.1		20.9	10.7	11.4
Indonesia		−30.0	20.5	−14.5		−26.7	−40.3	13.4
Japan		−2.9	3.0	21.8		36.3	14.0	1.5
Korea		−6.0	−8.2	34.0		17.1	23.3	34.2
Malaysia		−23.3	10.0	25.5		−12.5	8.0	24.1
Philippines		−26.9	−9.8	26.2		−19.5	−11.3	6.5
Singapore		−7.2	−7.7	34.8		0.3	39.9	42.3
Taiwan		−16.5	17.8	54.0		28.3	17.5	28.6
Thailand		−37.1	29.0	82.6		11.1	24.4	21.0

TABLE VII–4
TOTAL VALUE OF EXPORTS BY PRODUCT FROM CALIFORNIA PORTS
(In millions of dollars)

	1984	*1985*	*1986*	*1987*
Live animals (livestock)	14.0	25.5	34.3	57.9
Meat and meat products	585.9	531.2	670.3	800.2
Dairy products	52.4	38.8	44.8	47.8
Fish and seafood products	70.5	85.5	106.7	141.1
Cereal grains	521.2	326.2	116.0	199.7
Fruits, vegetables, grapes, nuts: Fresh and processed	931.9	1,064.9	1,242.0	1,353.6
Sugar, molasses, honey, gum	15.8	16.1	18.4	23.8
Coffee, tea and spices	68.5	58.2	59.9	76.3
Grain products not for human consumption	103.3	96.2	123.5	128.6
Misc. food preparation: Soy sauce, yeast	125.8	121.8	142.3	171.4
Beverages	25.0	32.7	42.7	86.1
Tobacco	254.9	223.1	275.9	547.7
Hides and furs	387.3	439.2	500.4	706.5
Oil seeds	57.0	33.2	25.4	22.1
Rubber	68.6	54.9	76.6	123.5
Lumber	87.6	97.7	99.2	135.3
Wood pulp, paper, paperboard	312.6	239.2	300.5	395.9
Animal and vegetable fibers	1,576.3	1,129.7	625.4	1,107.4
Minerals	205.4	140.6	169.7	162.5
Metal ores	566.7	615.1	696.9	815.0
Misc. animal and vegetable products	124.8	125.9	149.0	164.1
Peat and coal	72.8	48.0	49.3	52.5
Petroleum crude products, except gas	1,484.2	1,633.0	1,048.5	1,176.6
Petroleum gases and natural gases	40.4	38.4	23.0	23.5
Animal oils and fats: Not hydrogenated	64.9	52.2	30.2	31.9
Vegetable oils and fats: Not hydrogenated	76.8	55.3	47.0	44.5
Hydrogenated oils and fats	6.4	3.1	1.9	3.6
Organic chemicals	485.4	437.6	471.2	597.7
Inorganic chemicals	559.3	557.6	605.9	674.7
Dye and tanning materials	62.4	63.3	73.0	95.3
Medicinal and pharmaceutical products	397.9	421.4	378.7	400.8
Perfumes and flavors	111.4	120.6	114.5	153.2
Fertilizers	21.2	27.1	26.9	25.7
Explosives	11.8	9.4	8.8	14.6
Resins, rubber and plastic materials	682.0	545.3	548.8	968.3
Chemical products	321.1	285.3	315.2	373.3
Leather and fur	109.6	80.5	50.3	88.1
Tires	18.2	19.4	24.3	50.9
Wood products	61.3	74.7	78.9	88.7
Paper and products	174.4	180.3	179.5	222.2
Natural and synthetic yarns and fabrics	158.1	140.0	125.4	181.4
Stone, clay, glass, pearls, diamonds	161.9	149.1	157.8	208.3
Iron and steel products	117.5	99.6	97.9	98.7
Processed metals: Silver, platinum, copper, nickel, lead, zinc, tin	299.8	228.6	189.6	224.0
Fabricated metal products	529.5	445.0	434.1	498.2
Engines and generators	897.0	1,006.5	1,060.0	1,064.7
Machinery	1,641.9	1,643.4	1,419.8	1,280.0
Metal working tools	122.3	160.2	181.4	201.1
Metal foundry machinery, pumps, power-operated handtools, valves	981.5	929.5	902.8	1,058.0

TABLE VII–4—Continued
TOTAL VALUE OF EXPORTS BY PRODUCT FROM CALIFORNIA PORTS
(In millions of dollars)

	1984	*1985*	*1986*	*1987*
Office and automatic data processing machines	3,856.1	4,427.0	4,654.7	5,618.3
Radio, TV and communications equipment	927.3	1,191.1	1,168.7	1,426.3
Transformers, relays, printed circuit boards, TV tubes	5,329.2	4,659.4	5,082.9	6,497.5
Automotive equipment	515.1	492.4	547.5	829.9
Aircraft, railroad equipment and boats	2,163.8	2,775.6	2,777.9	3,089.9
Lighting and plumbing fixtures	34.8	31.3	39.5	53.3
Furniture	47.7	49.5	63.2	82.0
Luggage	12.8	8.9	11.7	14.9
Apparel	73.8	66.1	77.7	113.6
Footware	36.9	30 6	32.1	52.5
Scientific and control instruments	1,479.8	1,739.9	1,774.8	1,868.0
Photographic equipment, clocks, lenses	379.9	349.4	369.4	424.5
Rubber and plastic, sporting goods, office supplies, jewelry	952.6	968.7	1,071.2	1,519.0
Reimported articles	216.0	255.7	321.0	319.0
Live animals (other than livestock)	2.7	2.8	1.5	2.1
Military goods	6.1	7.9	6.8	8.5
Metal coins, not yet legal tender	0.8	0.1	1.0	0.8
Gold	89.7	102.8	213.2	262.0
Exempt and unidentified items	251.4	286.4	458.5	314.1
Total	32,203.5	32,395.6	32,838.3	39,663.2

Totals may not add due to rounding.
Source: U.S. Department of Commerce, Bureau of the Census

TABLE VII–5
TOTAL VALUE OF IMPORTS BY PRODUCT INTO CALIFORNIA PORTS
(In millions of dollars)

	1984	*1985*	*1986*	*1987*
Live animals (livestock)	42.3	44.1	43.4	21.3
Meat and meat products	260.2	335.9	338.4	415.2
Dairy products	19.7	20.7	19.0	22.9
Fish and seafood products	609.1	784.9	886.7	1,141.3
Cereal grains	53.6	74.6	87.1	96.1
Fruits, vegetables, grapes, nuts: Fresh and processed	546.5	647.3	647.5	680.1
Sugar, molasses, honey, gum	28.8	38.7	50.5	28.5
Coffee, tea and spices	621.5	636.4	751.8	503.7
Grain products not for human consumption	12.0	23.9	24.0	20.7
Misc. food preparations: Soy sauce, yeast	88.4	108.2	102.1	116.4
Beverages	382.4	475.0	495.4	546.9
Tobacco	9.4	5.8	7.0	6.4
Hides and furs	0.7	0.5	0.7	0.9
Oil seeds	11.2	7.8	8.8	7.8
Rubber	20.5	21.0	20.2	27.0
Lumber	42.5	76.9	54.9	48.2
Wood pulp, paper, paperboard	19.1	11.1	15.5	19.2
Animal and vegetable fibers	6.7	13.0	14.2	17.3
Minerals	19.0	19.6	21.6	23.5
Metal ores	36.3	36.5	41.5	48.9
Misc. animal and vegetable products	98.9	112.7	104.1	126.9
Peat and coal	1.4	3.3	2.2	1.2
Petroleum crude products, except gas	1,985.1	1,615.6	1,049.9	960.6
Petroleum gases and natural gases	6.3	11.8	8.2	6.5
Animal oils and fats: Not hydrogenated	0.4	0.9	1.7	4.2
Vegetable oils and fats: Not hydrogenated	172.2	142.2	111.1	105.4
Hydrogenated vegetable oils and waxes	0.3	0.6	0.4	0.4
Organic chemicals	176.1	209.9	211.9	199.4
Inorganic chemicals	105.7	101.3	102.2	104.6
Dye and tanning materials	58.6	84.9	118.5	137.0
Medicinal and pharmaceutical products	50.2	53.7	70.7	216.8
Perfumes and flavors	28.3	44.9	70.5	76.0
Fertilizers	34.8	38.7	35.8	32.0
Explosives	3.1	4.9	4.7	5.7
Resins, rubber and plastic materials	171.6	198.2	212.4	223.0
Chemical products	47.1	64.0	106.3	105.9
Leather and fur	35.1	44.0	44.5	60.2
Tires	439.3	501.7	455.0	462.5
Wood products	220.6	278.9	276.5	368.0
Paper and products	419.3	584.4	554.8	611.8
Natural and synthetic yarns and fabrics	634.4	896.1	1,093.1	1,200.9
Stone, clay, glass, pearls, diamonds	682.3	840.1	826.0	963.0
Iron and steel products	1,438.7	1,685.5	1,271.4	1,469.2
Processed metals: Silver, platinum, copper, nickel, lead, zinc, tin	387.5	435.5	399.9	415.4
Fabricated metal products	1,019.4	1,344.6	1,279.4	1,471.5
Engines and generators	782.7	999.1	1,228.7	1,033.1
Machinery	630.6	848.1	942.7	1,121.8
Metal working tools	419.8	525.6	538.3	494.6
Metal foundry machinery, pumps, power-operated handtools, valves	1,077.0	1,487.0	1,627.6	1,933.2
Office and automatic data processing machines	5,083.0	5,315.7	7,600.2	9,595.5

TABLE VII–5—Continued
TOTAL VALUE OF IMPORTS BY PRODUCT INTO CALIFORNIA PORTS
(In millions of dollars)

	1984	*1985*	*1986*	*1987*
Radio, TV and communications equipment	5,820.8	8,425.4	8,977.1	8,789.9
Transformers, relays, printed circuit boards, TV tubes	7,856.9	7,057.0	7,513.8	9,329.1
Automotive equipment	6,438.6	10,863.1	13,307.5	14,491.8
Aircraft, railroad equipment and boats	413.8	765.7	902.9	939.5
Lighting and plumbing fixtures	80.7	121.2	166.5	206.5
Furniture	472.0	742.0	868.7	1,013.1
Luggage	302.6	344.3	359.6	466.1
Apparel	2,886.4	3,558.8	4,229.2	4,826.4
Footware	889.7	1,176.2	1,478.9	1,904.0
Scientific and control instruments	627.3	763.8	946.7	1,048.3
Photographic equipment, clocks, lenses	953.7	1,119.6	1,409.5	1,449.5
Rubber and plastic, sporting goods, office supplies, jewelry	2,680.6	3,879.0	4,753.0	5,671.4
Reimported articles	746.8	811.2	876.8	950.5
Live animals (other than livestock)	6.3	4.9	5.4	5.7
Military goods	20.8	38.0	48.0	69.7
Gold	33.7	80.0	52.5	17.5
Total	49,270.3	61,605.8	69,875.0	78,477.8

Totals may not add due to rounding.
Source: U.S. Department of Commerce, Bureau of the Census

TABLE VII–6
DISTRIBUTION OF EXPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(In millions of dollars)

	Total	Australia	Canada	People's Republic of China	France	West Germany	Hong Kong	Italy	Japan
Meat, dairy, and livestock	905.9	0.8	0.5	0.6	2.3	0.3	44.3	0.2	734.8
Fish and seafood products	141.1	1.8	1.1	0.3	3.2	0.7	14.2	0.2	79.6
Fruits, vegetables, grapes, nuts: Fresh and processed	1,353.6	26.2	1.5	1.5	58.1	137.2	119.8	29.4	437.2
Grain products not for human consumption	128.6	0.7	–	0.1	–	0.0	5.9	–	106.6
Misc. food preparations: Soy sauce, yeast	171.4	12.6	–	0.5	0.3	0.1	33.0	0.1	46.0
Tobacco	547.7	5.0	–	–	–	1.0	216.1	–	257.8
Hides and furs	706.5	0.0	0.5	0.6	3.1	1.0	6.6	3.3	252.8
Rubber	123.5	6.3	–	2.7	0.1	0.2	1.6	0.2	44.5
Lumber	135.3	0.8	–	0.0	0.1	0.8	0.2	0.1	63.0
Wood, pulp, paper, paperboard	395.9	0.2	–	18.4	8.2	3.7	2.1	12.1	145.9
Animal and vegetable fibers	1,107.4	4.4	0.3	2.7	3.0	25.6	10.8	43.0	362.4
Minerals	162.5	10.3	3.4	0.2	5.8	6.7	1.1	1.3	29.1
Metal ores	815.0	1.7	0.0	0.7	30.8	17.1	0.7	0.2	401.6
Misc. animal and vegetable products	164.1	6.3	0.7	1.6	5.1	4.4	8.1	14.5	33.9
Petroleum crude products, except gas	1,176.6	38.8	11.0	6.5	4.3	6.9	1.8	6.9	292.3
Organic chemicals	597.7	37.7	0.2	17.4	1.2	1.8	18.9	1.6	202.0
Inorganic chemicals	674.7	17.8	2.2	33.3	5.0	9.1	29.8	7.5	267.7
Medicinal and pharmaceutical products	400.8	39.3	4.2	7.2	4.6	26.9	13.0	14.5	178.2
Perfumes and flavors	153.2	18.2	0.3	0.5	1.2	2.8	13.9	0.5	60.5
Resins, rubber and plastic materials	968.3	54.6	4.5	91.0	5.7	6.9	133.5	1.7	197.4
Chemical products	373.3	27.3	4.4	8.0	15.6	8.3	16.1	6.1	114.2
Paper and products	222.2	29.4	0.4	2.6	0.5	1.6	13.7	1.2	29.9
Natural and synthetic yarns and fabrics	181.4	21.3	1.8	0.8	1.9	4.6	16.4	3.5	34.7
Stone, clay, glass, pearls, diamonds	208.3	13.7	1.5	0.4	1.2	5.7	17.3	1.8	63.7
Processed Metals: Silver, platinum, copper, nickel, lead, zinc, tin	224.0	17.0	1.6	5.3	2.5	2.5	10.3	6.4	88.2
Fabricated metal products	498.2	40.5	6.8	9.0	9.0	15.5	17.9	3.7	100.0
Engines and generators	1,064.7	212.6	11.7	21.8	41.5	32.2	26.7	12.0	203.7
Machinery	1,280.0	151.9	5.5	55.3	38.1	54.4	33.3	13.6	228.3
Metal working tools	201.1	22.4	0.6	23.8	1.2	5.0	4.3	1.8	38.3
Metal foundry machinery, pumps, power-operated handtools, valves	1,058.0	123.2	11.7	42.5	33.0	27.1	35.6	19.4	147.3
Office and automatic data processing machines	5,618.3	497.2	167.6	75.7	306.1	570.5	187.7	111.3	808.4
Radio, TV and communications equipment	1,426.3	67.5	36.8	44.6	19.2	45.0	69.9	20.3	256.7
Transformers, relays, printed circuit boards, TV tube	6,497.5	140.0	81.3	42.9	134.1	287.7	328.8	52.5	756.0
Automotive equipment	829.9	133.8	0.7	4.9	5.6	33.9	2.8	3.9	288.8
Aircraft, railroad equipment and boats	3,089.9	477.7	63.8	78.6	118.6	154.3	49.6	159.2	506.4
Apparel	113.6	3.0	1.7	0.4	2.8	2.3	5.4	3.1	43.3

TABLE VII–6—Continued
DISTRIBUTION OF EXPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(In millions of dollars)

	Total	*Australia*	*Canada*	*People's Republic of China*	*France*	*West Germany*	*Hong Kong*	*Italy*	*Japan*
Scientific and control instruments	1,868.0	130.6	93.6	85.2	95.7	155.3	41.0	48.5	398.2
Photographic equipment, clocks, lenses	424.5	29.4	23.0	2.0	7.9	19.5	30.5	5.3	190.8
Rubber and plastic, sporting goods, office supplies, jewelry	1,519.0	157.9	25.4	9.5	38.2	91.1	72.9	19.9	423.8
Gold	262.0	1.0	0.8	–	146.5	37.1	0.1	0.0	1.8

Totals may not add due to rounding.
N.B. A value of "0.0" means less than $50,000.
Source: Department of Commerce, Bureau of the Census

TABLE VII–6—Continued
DISTRIBUTION OF EXPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(In millions of dollars)

	Korea	Malaysia	Mexico	Nether-lands	Philip-pines	Singapore	Sweden	Taiwan	United Kingdom
Meat, dairy, and livestock	3.4	1.9	12.6	0.6	4.4	17.8	0.1	11.2	3.6
Fish and seafood products	9.0	0.3	0.9	0.7	1.0	3.1	1.3	14.7	0.7
Fruits, vegetables, grapes, nuts: Fresh and processed	16.7	12.0	17.5	50.1	4.3	30.9	36.9	48.7	89.3
Grain products not for human consumption	1.2	1.0	2.4	0.0	0.9	0.9	–	5.1	0.1
Misc. food preparations: Soy sauce, yeast	4.5	3.9	11.8	0.2	6.2	12.7	0.2	14.6	0.8
Tobacco	2.7	7.4	0.0	–	0.1	36.1	0.1	18.7	0.0
Hides and furs	319.8	0.1	2.3	0.5	0.0	–	0.4	108.7	1.3
Rubber	31.0	0.6	1.0	0.4	2.4	2.7	0.0	21.3	0.0
Lumber	2.1	0.2	49.8	0.0	0.0	0.2	0.0	8.3	5.0
Wood pulp, paper, paperboard	80.1	0.1	6.3	3.2	9.1	0.0	–	61.9	1.4
Animal and vegetable fibers	291.9	6.2	2.9	2.1	32.0	4.5	1.4	111.5	5.1
Minerals	7.7	0.8	20.4	9.0	1.3	5.0	0.3	5.2	3.4
Metal ores	133.7	2.7	9.5	5.6	4.0	2.2	0.5	72.7	10.2
Misc. animal and vegetable products	18.4	0.2	6.9	7.2	1.5	0.6	0.8	5.7	2.9
Petroleum crude products, except gas	86.3	4.4	271.1	51.3	4.6	52.5	1.8	108.1	4.1
Organic chemicals	81.2	25.1	11.3	32.5	10.5	18.6	0.1	81.0	2.8
Inorganic chemicals	62.5	6.7	7.2	104.4	4.3	5.4	0.5	39.2	4.0
Medicinal and pharmaceutical products	6.5	4.1	4.3	2.0	5.4	5.6	1.1	13.4	20.9
Perfumes and flavors	8.8	3.2	5.3	0.8	3.9	7.1	0.2	7.8	8.1
Resins, rubber and plastic materials	76.9	18.2	60.2	1.4	25.6	38.7	1.2	127.0	8.6
Chemical products	24.4	6.1	12.6	5.7	9.3	23.2	1.6	16.6	7.8
Paper and products	25.9	2.7	59.1	0.7	17.1	4.5	0.4	17.0	2.0
Natural and synthetic yarns and fabrics	15.3	1.0	17.4	0.5	8.5	7.9	0.8	8.6	3.6
Stone, clay, glass, pearls, diamonds	19.8	2.7	31.7	1.0	2.6	4.8	1.0	17.5	4.6
Processed metals: Silver, platinum, copper, nickel, lead, zinc, tin	20.9	1.0	28.9	5.6	2.8	4.3	1.0	13.0	2.8
Fabricated metal products	43.4	4.3	108.4	6.3	14.7	20.9	2.0	21.6	25.3
Engines and generators	29.5	11.9	67.7	7.3	15.0	83.8	2.7	67.8	94.1
Machinery	145.8	55.7	49.1	22.7	27.3	99.0	7.8	61.7	43.7
Metal working tools	22.2	1.4	15.8	1.7	8.0	14.4	1.2	9.0	3.6
Metal foundry machinery, pumps, power-operated handtools, valves	93.4	8.2	129.5	14.4	30.5	56.8	5.0	75.7	35.7
Office and automatic data processing machines	212.7	22.5	118.4	322.9	37.0	606.1	68.1	230.9	544.3
Radio, TV and communications equipment	122.6	10.0	84.4	12.1	15.9	49.3	24.3	183.0	94.0
Transformers, relays, printed circuit boards, TV tubes	656.7	1,137.0	355.9	52.6	450.4	467.2	65.9	579.5	336.6
Automotive equipment	71.0	1.3	60.5	5.1	7.9	36.8	9.5	98.5	10.0
Aircraft, railroad equipment and boats	165.3	12.5	24.6	33.1	19.3	167.8	125.3	74.4	174.2
Apparel	2.2	0.1	32.5	0.4	2.8	1.3	0.3	1.3	2.1
Scientific and control instruments	117.7	27.3	61.5	46.3	9.5	67.2	17.9	96.7	133.2

TABLE VII–6—Continued
DISTRIBUTION OF EXPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(in millions of dollars)

	Korea	*Malaysia*	*Mexico*	*Nether-lands*	*Philip-pines*	*Singapore*	*Sweden*	*Taiwan*	*United Kingdom*
Photographic equipment, clocks, lenses	14.0	1.7	9.6	2.4	12.4	6.2	1.4	9.8	23.9
Rubber and plastic, sporting goods, office supplies, jewelry	54.5	8.6	137.8	28.8	20.2	94.5	10.2	56.8	106.1
Gold	2.4	9.5	2.9	0.0	5.9	0.4	3.6	0.0	24.2

Totals may not add due to rounding.
N.B. A value of "0.0" means less than $50,000.
Source: Department of Commerce, Bureau of the Census

TABLE VII–7
DISTRIBUTION OF IMPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(In millions of dollars)

	Total	Australia	Canada	People's Republic of China	France	West Germany	Hong Kong	Italy	Japan
Meat, dairy, and livestock	459.4	157.2	1.9	1.1	8.8	1.2	0.1	2.2	0.5
Fish and seafood products	1,141.3	101.2	8.7	112.4	0.6	0.5	18.2	0.3	103.4
Fruits, vegetables, grapes, nuts: Fresh and processed	680.1	10.6	0.4	33.4	3.9	9.9	8.3	3.3	16.3
Beverages	546.9	26.7	14.6	3.8	143.1	23.6	1.2	25.8	18.7
Petroleum crude products, except gas	960.6	71.7	25.7	101.0	3.5	0.7	0.0	10.4	0.9
Organic chemicals	199.4	1.4	2.0	3.3	6.7	13.6	0.3	7.8	88.3
Dye and tanning materials	137.0	0.1	0.0	0.3	0.8	4.2	0.2	1.8	121.8
Resins, rubber and plastic materials	223.0	0.1	0.1	0.6	4.6	18.4	1.1	5.1	89.0
Tires	462.5	0.6	0.4	0.4	24.7	24.9	0.1	12.3	225.0
Wood products	368.0	0.7	0.3	5.1	17.1	2.1	6.3	4.8	12.3
Paper and products	611.8	0.6	232.1	5.3	6.3	23.1	12.6	11.7	92.1
Natural and synthetic yarns and fabrics	1,200.9	2.3	0.8	162.0	12.7	20.3	82.1	32.1	194.9
Stone, clay, glass, pearls, diamonds	963.0	5.1	4.2	33.8	24.5	28.8	33.4	109.4	299.1
Iron and steel products	1,469.2	69.2	0.2	4.4	29.4	34.6	0.1	64.0	578.7
Processed metals: Silver, platinum, copper, nickel, lead, zinc, tin	415.4	63.4	1.8	6.0	10.2	21.6	2.4	2.5	103.4
Fabricated metal products	1,471.5	3.6	2.3	40.6	22.1	47.2	45.9	20.7	330.7
Engines and generators	1,033.1	1.4	4.0	3.2	11.6	67.6	18.0	6.5	635.4
Machinery	1,121.8	10.7	6.6	2.8	16.0	139.2	7.6	31.6	634.3
Metal working tools	494.6	0.4	0.1	2.1	1.2	26.4	0.6	10.2	327.4
Metal foundry machinery, pumps, power-operated handtools, valves	1,933.2	11.0	6.1	11.8	18.3	100.8	47.6	33.1	1,045.0
Office and automatic data processing machines	9,595.5	13.0	22.1	4.9	30.4	59.8	339.0	10.8	5,348.3
Radio, TV and communications equipment	8,789.9	1.8	32.6	133.5	9.6	13.4	355.9	6.1	4,793.4
Transformers, relays, printed circuit boards, TV tubes	9,329.1	5.8	20.5	72.8	61.7	145.2	496.8	21.6	3,423.9
Automotive equipment	14,491.8	22.9	2.9	1.8	24.0	2,349.9	1.3	98.4	10,184.5
Aircraft, railroad equipment and boats	939.5	30.8	447.5	1.6	28.5	21.1	9.3	103.0	120.2
Lighting and plumbing fixtures	206.5	0.0	0.1	0.9	2.9	4.0	14.9	5.5	5.4
Furniture	1,013.1	1.0	0.4	17.9	11.7	28.9	12.4	84.8	43.2
Luggage	466.1	0.1	0.7	75.3	4.0	2.3	20.6	24.0	15.7
Apparel	4,826.4	12.1	2.1	473.7	26.7	6.6	1,007.2	106.7	129.8
Footware	1,904.0	1.4	0.1	58.2	27.9	8.2	41.6	57.1	4.0
Scientific and control instruments	1,048.3	8.3	97.9	4.7	19.3	78.7	21.8	3.9	488.9
Photographic equipment, clocks, lenses	1,449.5	3.6	11.1	14.5	43.7	23.3	117.8	10.7	963.1
Rubber and plastic, sporting goods, office supplies, jewelry	5,671.4	60.2	6.2	490.1	54.8	87.4	609.3	202.2	1,358.6

TABLE VII–7—Continued
DISTRIBUTION OF IMPORTS BY SELECTED CATEGORY AND TRADING PARTNER, 1987
(In millions of dollars)

	Korea	Malaysia	Mexico	Nether-lands	Philip-pines	Singapore	Sweden	Taiwan	United Kingdom
Meat, dairy, and livestock	0.1	–	8.6	4.0	0.0	–	8.8	0.9	4.2
Fish and seafood products	86.1	23.0	46.4	2.6	32.8	35.7	0.3	189.8	2.8
Fruits, vegetables, grapes, nuts: Fresh and processed	10.9	2.6	139.8	2.9	56.4	0.5	0.1	58.6	1.3
Beverages	1.2	0.2	124.0	34.2	1.0	2.2	3.4	1.6	68.2
Petroleum crude products, except gas	16.8	24.6	15.4	6.3	–	17.7	0.0	11.4	5.8
Organic chemicals	16.4	0.6	1.5	3.7	0.8	0.7	0.3	7.4	11.3
Dye and tanning materials	0.5	–	0.3	0.4	–	0.5	0.0	0.8	1.9
Resins, rubber and plastic materials	14.3	0.6	5.5	1.5	3.1	0.5	1.1	55.0	8.8
Tires	80.8	0.0	0.2	1.5	0.0	0.0	0.3	35.6	9.3
Wood products	5.8	3.1	47.8	0.8	7.1	3.3	3.7	153.9	1.6
Paper and products	20.3	2.8	30.9	20.8	0.8	1.8	45.4	21.8	4.1
Natural and synthetic yarns and fabrics	135.4	10.9	8.8	3.6	12.0	2.4	1.2	180.6	16.3
Stone, clay, glass, pearls, diamonds	52.0	1.1	73.5	2.5	2.0	1.5	1.1	145.5	12.1
Iron and steel products	247.2	10.8	13.5	28.3	–	15.6	9.9	59.2	18.3
Processed metals: Silver, platinum, copper, nickel, lead, zinc, tin	5.4	5.7	7.9	18.0	0.3	2.9	5.8	9.2	18.0
Fabricated metal products	176.0	4.4	99.1	8.8	4.8	10.0	5.5	537.5	20.1
Engines and generators	14.0	0.1	51.4	5.8	0.0	11.6	10.4	25.6	56.4
Machinery	13.1	1.0	3.1	26.9	0.5	3.3	7.1	104.5	51.1
Metal working tools	6.8	0.0	0.1	1.1	0.0	1.0	0.5	85.5	8.7
Metal foundry machinery, pumps, power-operated hand-tools, valves	79.3	19.7	114.3	7.9	1.2	46.4	19.8	249.9	37.4
Office and automatic data processing machines	570.1	4.6	138.4	25.9	4.5	1,543.4	13.7	1,318.7	61.8
Radio, TV and communications equipment	988.5	205.7	374.0	1.0	15.1	452.2	7.5	1,348.6	29.1
Transformers, relays, printed circuit boards, TV tubes	1,050.0	1,241.8	462.2	13.6	406.9	434.6	14.7	865.4	123.5
Automotive equipment	669.2	1.9	55.6	2.5	0.2	3.3	367.0	222.4	410.1
Aircraft, railroad equipment and boats	12.4	0.0	7.9	2.1	0.5	7.1	10.9	46.2	50.9
Lighting and plumbing fixtures	9.5	0.2	15.2	0.1	0.0	0.0	0.4	134.4	1.0
Furniture	30.3	1.3	79.1	2.1	23.8	33.0	11.9	528.8	16.0
Luggage	137.0	0.8	8.6	0.0	5.5	0.3	0.0	150.8	2.5
Apparel	858.9	80.5	86.8	1.1	125.2	164.8	0.4	1,002.3	22.2
Footware	634.6	0.5	13.0	0.5	5.2	0.0	0.0	995.4	3.4
Scientific and control instruments	26.6	5.6	98.1	2.5	0.1	19.7	6.3	61.6	50.2
Photographic equipment, clocks, lenses	62.4	2.2	17.6	0.9	1.1	1.1	2.2	106.0	18.8
Rubber and plastic, sporting goods, office supplies, jewelry	750.1	23.9	132.2	16.5	42.8	105.4	7.2	1,290.5	114.6

Totals may not add due to rounding.
N.B. A value of "0.0" means less than $50,000.
Source: Department of Commerce, Bureau of the Census

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TABLE 1

POPULATION OF THE UNITED STATES AND CALIFORNIA, 1960–87 [a]

Year (July 1)	United States [1]	California [2]	California as percent of United States	Percent change	
				United States	California
1960	179,975,000	15,863,000	8.8	1.6	3.8
1961	182,973,000	16,412,000	9.0	1.7	3.5
1962	185,738,000	16,951,000	9.1	1.5	3.3
1963	188,438,000	17,530,000	9.3	1.5	3.4
1964	191,085,000	18,026,000	9.4	1.4	2.8
1965	193,460,000	18,464,000	9.5	1.2	2.4
1966	195,501,000	18,831,000	9.6	1.1	2.0
1967	197,374,000	19,174,700	9.7	1.0	1.8
1968	199,312,000	19,432,000	9.7	1.0	1.3
1969	201,306,000	19,744,700	9.8	1.0	1.6
1970	203,984,000	20,039,000	9.8	1.3	1.5
1971	206,827,000	20,346,000	9.8	1.4	1.5
1972	209,284,000	20,585,000	9.8	1.2	1.2
1973	211,357,000	20,869,000	9.9	1.0	1.4
1974	213,342,000	21,174,000	9.9	0.0	1.5
1975	215,465,000	21,538,000	10.0	1.0	1.7
1976	217,563,000	21,936,000	10.1	1.0	1.8
1977	219,760,000	22,352,000	10.2	1.0	1.9
1978	222,095,000	22,836,000	10.3	1.1	2.2
1979	224,567,000	23,257,000	10.4	1.1	1.8
1980	227,255,000	23,780,000	10.5	1.2	2.2
1981	229,637,000	24,267,000	10.6	1.0	2.0
1982	231,996,000	24,786,000	10.7	1.0	2.1
1983	234,284,000	25,309,000	10.8	1.0	2.1
1984	236,477,000	25,780,000	10.9	0.9	1.9
1985	238,741,000	26,358,000	11.0	1.0	2.2
1986	241,078,000	27,001,000	11.2	1.0	2.4
1987	243,249,000	27,663,000	11.4	0.9	2.5

[a] Includes members of the Armed Forces stationed in the area.

[1] Source: 1960–1987 U.S. Bureau of the Census, Current Population Reports P-25.

[2] Source: 1960–69 California Department of Finance, Population Research Unit.
1970–87 U.S. Bureau of Census Current Population Reports P-25.

TABLE 2

COMPONENTS OF CHANGE IN CALIFORNIA'S CIVILIAN POPULATION, 1960–87

Year (July 1)	Civilian population [1]	Net change	Net migration [2]	Natural increase [3]	Gains from military
1960	15,550,000	586,000	351,000	231,000	+4,000
1961	16,108,000	558,000	308,000	244,000	+6,000
1962	16,634,000	526,000	306,000	240,000	−20,000
1963	17,197,000	563,000	320,000	234,000	+9,000
1964	17,706,000	509,000	308,000	230,000	−29,000
1965	18,143,000	437,000	232,000	217,000	−12,000
1966	18,459,000	316,000	179,000	185,000	−48,000
1967	18,796,000	337,000	198,000	184,000	−45,000
1968	19,046,000	250,000	102,000	176,000	−28,000
1969	19,354,000	308,000	118,000	185,000	+5,000
1970	19,663,000	309,000	96,000	193,000	+20,000
1971	20,002,000	339,000	128,000	184,000	+27,000
1972	20,264,000	262,000	98,000	144,000	+20,000
1973	20,558,000	294,000	162,000	130,000	+2,000
1974	20,874,000	316,000	182,000	131,000	+3,000
1975	21,249,000	375,000	228,000	145,000	+2,000
1976	21,653,000	404,000	248,000	153,000	+3,000
1977	22,075,000	422,000	248,000	174,000	—
1978	22,566,000	491,000	314,000	177,000	—
1979	22,991,000	425,000	234,000	191,000	—
1980	23,509,000	518,000	308,000	210,000	—
1981	23,993,000	484,000	259,000	225,000	—
1982	24,498,000	505,000	266,000	239,000	—
1983	25,022,000	524,000	277,000	247,000	—
1984	25,482,000	460,000	214,000	246,000	—
1985	26,055,000	573,000	318,000	255,000	—
1986	26,695,000	640,000	359,000	281,000	—
1987	27,353,000	658,000	376,000	282,000	—

[1] Source: U.S. Bureau of Census.
[2] Source: California Department of Finance, Population Research Unit Report 87-E-2.

TABLE 3

TOTAL POPULATION OF CALIFORNIA COUNTIES, JULY 1, 1987

County	Total Population 7-1-87	County	Total Population 7-1-87
Alameda	1,227,400	Placer	148,400
Alpine	1,200	Plumas	19,800
Amador	25,400	Riverside	915,400
Butte	169,300	Sacramento	947,400
Calaveras	29,600	San Benito	33,200
Colusa	14,800	San Bernardino	1,202,000
Contra Costa	743,900	San Diego	2,288,300
Del Norte	19,400	San Francisco	741,600
El Dorado	113,200	San Joaquin	444,300
Fresno	596,800	San Luis Obispo	201,900
Glenn	23,000	San Mateo	623,500
Humboldt	113,700	Santa Barbara	342,900
Imperial	109,200	Santa Clara	1,421,600
Inyo	18,000	Santa Cruz	222,900
Kern	504,800	Shasta	135,400
Kings	87,900	Sierra	3,400
Lake	50,800	Siskiyou	42,900
Lassen	26,500	Solano	298,000
Los Angeles	8,484,500	Sonoma	354,500
Madera	80,100	Stanislaus	326,800
Marin	227,700	Sutter	60,300
Mariposa	14,000	Tehama	45,900
Mendocino	75,000	Trinity	13,600
Merced	166,200	Tulare	291,500
Modoc	9,300	Tuolumne	44,800
Mono	9,200	Ventura	628,100
Monterey	343,100	Yolo	129,000
Napa	105,200	Yuba	55,700
Nevada	73,800		
Orange	2,216,800	Sum of Counties	27,662,900

Note: Revisions for prior years available on request.
Source: California Department of Finance, Population Research Unit.

TABLE 4
CIVILIAN LABOR FORCE, CALIFORNIA, 1967–87
(In thousands)

Year and month	Labor force [a]	Employed [b]	Unemployed [c]	Percent unemployed
1967	7,679	7,242	437	5.7
1968	7,792	7,369	423	5.4
1969	7,919	7,508	411	5.2
1970	8,167	7,575	592	7.3
1971	8,407	7,669	739	8.8
1972	8,653	7,996	656	7.6
1973	8,910	8,286	624	7.0
1974	9,317	8,638	679	7.3
1975	9,539	8,598	941	9.9
1976	9,896	8,990	906	9.2
1977	10,367	9,513	853	8.2
1978	10,911	10,137	775	7.1
1979	11,268	10,566	702	6.2
1980	11,584	10,794	790	6.8
1981	11,812	10,938	875	7.4
1982	12,178	10,967	1,210	9.9
1983	12,281	11,095	1,187	9.7
1984	12,610	11,631	980	7.8
1985	12,981	12,048	934	7.2
1986	13,334	12,444	890	6.7
1987	13,747	12,955	792	5.8
Adjusted for seasonal variation				
1986 January	13,039	12,266	773	5.9
February	13,227	12,270	957	7.2
March	13,264	12,354	910	6.9
April	13,231	12,332	899	6.8
May	13,239	12,356	883	6.7
June	13,342	12,457	885	6.6
July	13,373	12,429	944	7.1
August	13,399	12,506	893	6.7
September	13,467	12,610	857	6.4
October	13,459	12,590	869	6.5
November	13,525	12,616	909	6.7
December	13,450	12,554	896	6.7
1987 January	13,403	12,559	844	6.3
February	13,593	12,745	848	6.2
March	13,619	12,799	820	6.0
April	13,710	12,904	806	5.9
May	13,863	13,020	843	6.1
June	13,737	12,970	767	5.6
July	13,799	13,037	762	5.5
August	13,777	13,031	746	5.4
September	13,815	13,027	788	5.7
October	13,784	12,984	800	5.8
November	13,912	13,172	740	5.3
December	13,950	13,221	729	5.2

[a] Detail may not add to total because of rounding.
[b] Includes wage and salary workers, employers, own-account workers, and unpaid family workers. Excludes workers directly involved in work stoppages who receive no pay for the payroll period which includes 12th of the month.
[c] Excludes the potential or latent supply of workers not active in the labor market and workers directly involved in work stoppages.
Source: California Employment Development Department.

TABLE 5

WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS BY MAJOR INDUSTRY DIVISION, CALIFORNIA, 1972–87 [a]

(in thousands)

Year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
1972	7,209.9	29.2	312.4	1,542.7	454.1	1,608.6	409.3	1,361.0	1,492.7
1973	7,621.9	30.5	333.4	1,660.7	467.0	1,703.2	431.6	1,470.6	1,524.8
1974	7,834.3	32.7	317.8	1,701.3	470.7	1,751.9	444.8	1,529.1	1,586.0
1975	7,847.2	33.9	285.9	1,593.7	458.1	1,786.3	446.4	1,572.4	1,670.6
1976	8,154.2	34.7	301.3	1,659.8	463.9	1,875.6	468.7	1,654.6	1,695.6
1977	8,599.7	35.6	350.4	1,737.8	476.5	1,982.4	505.4	1,770.9	1,740.7
1978	9,199.8	37.1	401.9	1,884.6	506.5	2,126.0	553.2	1,937.4	1,753.1
1979	9,664.6	39.3	448.7	2,012.7	534.7	2,223.8	595.9	2,074.6	1,735.0
1980	9,848.8	43.5	428.3	2,018.2	546.3	2,266.9	623.1	2,158.8	1,763.9
1981	9,985.3	49.2	407.6	2,032.3	554.8	2,301.6	642.9	2,240.5	1,756.4
1982	9,810.3	50.4	349.0	1,957.7	542.8	2,275.3	642.4	2,257.7	1,735.2
1983	9,965.8	48.1	369.3	1,949.3	536.9	2,343.9	661.7	2,332.2	1,724.3
1984	10,573.8	50.0	445.2	2,065.5	554.6	2,507.4	694.2	2,509.5	1,747.4
1985	10,979.1	49.9	496.2	2,076.1	568.7	2,626.1	724.5	2,644.8	1,792.8
1986	11,258.1	42.6	531.0	2,069.7	574.6	2,686.4	763.7	2,751.3	1,838.8
1987	11,657.7	40.4	582.0	2,104.9	583.0	2,754.6	803.7	2,899.5	1,889.4

[a] Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Source: California Employment Development Department.

TABLE 6
WAGE AND SALARY WORKERS [a] IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1986 AND 1987
(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Anaheim-Santa Ana									
1986	1,040.2	2.1	56.2	241.7	33.8	259.1	85.0	250.4	112.0
1987	1,085.7	1.8	62.5	248.3	34.5	270.5	91.0	262.6	114.4
Bakersfield									
1986	156.0	13.8	9.9	10.2	8.1	38.6	6.2	30.4	38.7
1987	157.1	12.8	9.3	10.9	7.9	37.7	6.3	32.3	40.0
Fresno									
1986	196.2	0.7	11.7	21.0	10.3	51.2	13.4	44.2	43.6
1987	203.1	0.6	12.4	21.8	10.9	52.7	13.5	47.4	43.8
Los Angeles-Long Beach									
1986	3,908.2	10.5	130.7	891.4	202.7	910.2	273.6	1,001.7	487.4
1987	4,011.9	9.4	147.2	906.5	206.5	915.2	285.2	1,045.4	496.6
Modesto									
1986	98.0	0.0	6.3	21.7	4.4	24.6	4.4	20.2	16.3
1987	104.3	0.0	7.0	23.2	4.4	26.7	4.5	21.1	17.3
Oakland									
1986	786.5	2.7	45.0	101.6	54.8	197.1	50.6	178.3	156.3
1987	811.2	3.2	47.6	103.6	56.3	201.0	54.4	186.7	158.6
Oxnard-Ventura									
1986	193.7	2.9	10.7	29.2	9.2	48.2	10.1	43.6	39.7
1987	203.8	2.6	12.7	29.4	10.4	50.3	10.4	47.8	40.3
Riverside-San Bernardino									
1986	561.6	1.3	43.9	74.5	30.0	141.2	24.0	130.7	116.0
1987	604.2	1.2	50.9	81.0	30.9	151.6	26.4	142.3	120.0
Sacramento									
1986	520.0	0.8	30.8	38.2	23.8	127.0	30.8	108.3	160.4
1987	548.6	0.8	33.3	40.7	24.8	133.9	33.3	117.1	164.8
Salinas-Seaside-Monterey									
1986	101.9	0.4	4.1	9.4	4.7	27.5	5.0	24.7	26.1
1987	106.0	0.4	4.5	10.1	4.9	28.2	5.4	25.8	26.8
San Diego									
1986	819.7	0.8	50.9	121.8	32.3	196.2	56.6	211.1	149.9
1987	862.9	0.8	55.9	122.4	33.6	206.1	60.6	227.6	155.8

TABLE 6—Continued

WAGE AND SALARY WORKERS [a] IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1986 AND 1987

(In thousands)

Area and year	Total	Mineral extraction	Construction		Transportation and utilities		Finance, insurance, and real estate	Services	Government
San Francisco									
1986	919.6	1.1	33.3	78.3	79.7	212.0	113.6	268.3	133.4
1987	931.1	1.0	34.7	79.4	77.3	211.2	112.9	280.8	133.9
San Jose									
1986	768.2	0.1	31.5	263.7	21.3	148.6	33.3	185.0	84.7
1987	783.5	0.2	32.0	260.9	21.5	151.0	34.7	196.5	86.5
Santa Barbara-Santa Maria-Lompoc									
1986	143.7	1.3	6.5	23.8	5.4	34.0	8.1	38.1	26.5
1987	145.3	1.2	6.4	22.4	5.1	34.9	8.7	39.6	27.0
Santa Rosa-Petaluma									
1986	118.3	0.6	7.9	18.1	5.6	30.7	8.0	26.1	21.3
1987	124.4	0.7	8.3	18.5	6.3	32.1	8.4	28.1	22.1
Stockton									
1986	136.3	0.1	8.0	21.9	8.5	31.6	8.2	28.5	29.6
1987	142.0	0.1	8.2	23.2	8.5	33.0	8.7	29.8	30.4
Vallejo-Fairfield-Napa									
1986	119.9	0.3	7.9	11.8	4.5	28.6	4.6	26.0	36.2
1987	124.4	0.3	8.8	11.9	4.6	29.6	4.5	27.8	36.9

[a] Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Area definitions:

Anaheim-Santa Ana—Orange County.
Bakersfield—Kern County.
Fresno—Fresno County.
Los Angeles-Long Beach—Los Angeles County.
Modesto—Stanislaus County.
Oakland—Alameda and Contra Costa Counties.
Oxnard-Ventura—Ventura County.
Riverside-San Bernardino—Riverside and San Bernardino Counties.
Sacramento—El Dorado, Placer, Sacramento, and Yolo Counties.
Salinas-Seaside-Monterey—Monterey County.
San Diego—San Diego County.
San Francisco—Marin, San Francisco, and San Mateo Counties.
San Jose—Santa Clara County.
Santa Barbara-Santa Maria-Lompoc—Santa Barbara County.
Santa Rosa-Petaluma—Sonoma County.
Stockton—San Joaquin County.
Vallejo-Fairfield-Napa—Napa and Solano Counties.

Source: California Employment Development Department.

TABLE 7

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1981–87

(In thousands)

Industry	1981	1982	1983	1984	1985	1986	1987
Total	2,032.3	1,957.7	1,949.3	2,065.5	2,076.1	2,069.7	2,104.9
Nondurable goods	648.3	628.1	622.0	639.2	635.7	652.7	680.3
Durable goods	1,384.0	1,329.6	1,327.3	1,426.3	1,440.4	1,417.0	1,424.6
Nondurable goods							
Food and kindred products	186.8	182.5	173.4	173.3	169.2	170.6	173.5
Canned, cured, frozen sea foods	10.3	9.1	8.9	6.8	5.2	5.5	5.7
Meat products	18.9	18.6	16.7	17.1	17.4	17.4	19.3
Dairy products	14.7	14.0	13.5	13.0	12.6	12.6	12.3
Canned and preserved fruit and vegetables	56.1	55.4	52.0	53.6	51.3	50.4	50.6
Grain mill products	8.4	8.3	8.3	8.2	8.0	8.1	8.4
Bakery products	19.0	19.2	19.0	19.4	19.4	20.0	20.0
Beverages	25.9	26.0	25.4	25.2	25.6	26.7	26.5
Other food and kindred products	33.7	31.8	29.7	30.0	29.8	30.0	30.6
Textile mill products	13.7	12.4	13.0	13.7	13.9	14.9	16.2
Knitting mills	2.5	2.5	2.7	3.3	3.8	4.3	4.8
Floor covering mills	5.0	4.0	3.8	4.0	3.9	4.1	4.3
Other textile mill products	6.2	5.9	6.4	6.4	6.2	6.5	7.2
Apparel and other textile products	107.7	102.4	103.2	108.0	107.2	114.7	125.1
Men's and boys' furnishings	13.1	11.9	12.0	11.5	9.6	9.5	10.0
Women's and misses' outerwear	64.4	62.6	63.1	67.0	69.3	75.7	83.9
Women's and children's undergarments	4.5	4.1	4.0	4.1	3.8	3.9	3.8
Children's outerwear	1.8	2.0	2.1	2.3	2.1	2.4	2.7
Other apparel and textile products	24.0	21.8	21.9	23.1	22.4	23.2	24.7
Paper and allied products	38.5	37.3	37.0	38.7	39.6	40.0	41.9
Miscellaneous converted paper products	14.7	15.2	15.2	15.8	15.9	16.4	17.0
Paperboard containers and boxes	16.9	15.8	15.5	16.7	17.6	17.5	18.7
Other paper and allied products	6.9	6.3	6.3	6.2	6.1	6.1	6.2
Printing and publishing	125.1	124.5	128.3	136.5	140.1	145.1	151.6
Newspapers	43.2	42.5	43.2	46.4	47.7	48.9	51.0
Commercial printing	48.9	48.4	50.7	53.3	54.3	56.0	58.1
Other printing and publishing	33.0	33.6	34.5	36.8	38.1	40.2	42.4
Chemicals and allied products	68.3	65.7	63.8	64.1	63.7	64.7	66.8
Industrial inorganic chemicals	7.6	7.5	7.1	7.4	7.4	7.4	7.0
Plastics materials and synthetics	3.5	3.4	3.3	3.3	3.1	2.9	2.7
Drugs	19.3	19.4	19.5	19.3	19.0	20.1	21.8
Soaps, cleaners, toilet goods	14.5	13.3	12.1	12.4	12.4	13.0	13.8
Paints and allied products	7.4	6.7	6.7	7.2	7.5	7.5	7.2
Agricultural chemicals	5.3	4.6	4.1	3.9	3.6	3.3	3.3
Other chemicals and allied products	10.8	10.9	10.9	10.7	10.8	10.6	10.9
Petroleum and coal products	31.0	31.7	31.0	30.0	28.8	27.7	26.6
Petroleum refining	27.4	28.2	27.5	26.5	25.7	24.7	23.6
Other petroleum and coal products	3.6	3.5	3.6	3.5	3.1	3.0	3.1

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1981–87

(In thousands)

Industry	1981	1982	1983	1984	1985	1986	1987
Rubber and plastics products	65.1	61.2	62.8	66.5	65.7	68.1	71.7
Tires and inner tubes	1.5	1.4	1.3	1.3	1.2	1.1	1.1
Footwear and fabricated products	10.3	9.7	10.0	10.4	10.0	9.9	10.2
Miscellaneous plastics products	52.3	49.1	50.5	54.1	53.6	55.9	59.4
Other rubber and plastics products	1.1	1.0	.9	.8	1.0	1.2	1.1
Leather and leather products	12.0	10.5	9.5	8.5	7.5	7.0	6.8
Durable goods							
Lumber and wood products excluding furniture	57.1	46.3	50.6	55.1	56.1	60.1	64.9
Logging camps, sawmills, planing mills	21.8	18.1	19.7	20.9	20.5	20.9	21.3
Millwork, plywood, structural members	15.2	12.6	14.3	16.9	18.4	20.9	24.2
Wooden containers	4.2	3.8	3.7	4.0	4.1	4.6	5.0
Other lumber and wood products	15.9	11.9	12.9	13.2	13.0	13.7	14.3
Furniture and fixtures	55.0	49.0	51.6	59.2	58.9	59.5	62.2
Household furniture	33.6	29.3	31.1	34.9	34.2	34.5	36.0
Partitions and fixtures	6.9	6.3	6.8	8.4	8.3	8.4	8.9
Other furniture and fixtures	14.5	13.4	13.8	16.0	16.5	16.6	17.3
Stone, clay, and glass products	56.7	50.4	48.7	51.6	50.8	52.5	53.7
Glass and glass products	17.6	16.3	15.8	15.8	15.1	15.3	15.4
Hydraulic cement	3.7	3.7	3.3	3.2	2.9	2.9	2.8
Structural clay products	3.2	2.5	2.4	2.3	2.2	2.2	2.0
Pottery and related products	6.0	4.7	4.5	4.7	4.1	4.1	4.5
Concrete, gypsum, plaster products	16.1	14.0	14.2	16.5	17.2	18.3	19.9
Other stone, clay, and glass products	10.1	9.3	8.4	9.1	9.4	9.9	9.1
Primary metal industries	54.9	47.6	43.5	42.6	41.6	40.8	40.6
Blast furnace and basic steel products	16.1	12.3	9.9	7.7	7.9	7.7	7.9
Iron and steel foundries	8.9	8.0	6.5	6.7	6.4	6.1	6.1
Nonferrous rolling and drawing	14.6	13.0	13.4	13.7	13.3	12.8	12.4
Nonferrous foundries	10.5	9.7	9.7	10.3	10.0	10.3	10.6
Other primary metals	4.7	4.5	4.0	4.2	4.1	3.9	3.7
Fabricated metal products	152.3	138.8	137.9	146.7	143.5	135.9	133.4
Can and shipping containers	9.8	9.1	8.9	8.4	8.3	7.9	7.6
Cutlery, hand tools, hardware	15.7	14.5	14.1	15.0	14.3	14.0	14.1
Plumbing and heating excluding electric	7.4	6.7	6.7	7.4	7.7	7.4	6.9
Fabricated structural products	50.2	45.3	44.5	47.0	45.1	41.7	41.0
Screw machine products, bolts, etc.	15.0	12.1	11.4	12.4	12.6	12.3	12.5
Forgings and stampings	14.2	13.5	14.2	15.7	15.8	15.6	15.0
Metal services	20.0	18.3	18.9	20.3	19.9	19.3	19.8
Other fabricated metal products	19.9	19.3	19.2	20.5	19.9	17.6	16.4
Machinery excluding electrical	234.5	227.6	223.4	239.2	229.4	214.0	214.8
Farm and garden	5.7	5.0	4.7	4.6	4.3	3.7	4.1
Construction and related	23.3	20.8	14.1	14.3	13.5	11.1	10.0
Metalworking	18.9	16.8	16.3	17.8	17.7	16.3	15.5
Special industry	13.4	13.0	12.6	13.7	13.3	12.0	11.7

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1981–87

(In thousands)

Industry	1981	1982	1983	1984	1985	1986	1987
General industry	20.8	19.5	18.3	19.7	19.7	18.2	17.7
Office, computing, accounting	98.4	103.9	109.9	117.9	111.4	107.2	110.6
Refrigeration and service industry	8.0	8.3	8.4	8.6	9.2	9.0	8.8
Other machinery excluding electrical	45.9	40.4	39.2	42.6	40.3	36.5	36.4
Electrical equipment and supplies	351.4	358.0	365.4	406.3	413.4	399.7	395.4
Electrical distribution equipment	9.3	8.5	8.0	10.7	11.7	11.5	11.2
Industrial apparatus	14.3	13.2	12.1	14.4	13.2	11.2	10.7
Household appliances	6.2	4.7	4.5	3.9	3.9	3.8	4.0
Lighting and wiring equipment	22.3	20.2	20.0	22.0	22.6	23.2	23.9
Radio and TV receiving equipment	17.3	14.9	13.5	13.7	13.6	14.0	14.5
Communication equipment	146.5	157.2	158.7	167.2	179.1	179.5	174.2
Electronic components and accessories	126.1	131.0	139.8	165.3	160.8	148.6	148.7
Miscellaneous electrical equipment and supplies	9.5	8.3	8.9	9.2	8.4	7.9	8.3
Transportation and equipment	278.0	266.3	261.9	277.5	297.3	306.7	313.5
Motor vehicles and equipment	35.0	30.6	30.3	33.4	33.6	32.5	33.2
Aircraft and parts	147.9	137.3	133.3	141.1	156.7	167.4	173.9
Ship and boat building and repairing	22.9	22.4	18.7	18.2	17.5	15.4	13.7
Guided missiles, space vehicles and parts	62.7	66.4	69.3	73.8	78.1	81.0	82.2
Other transportation equipment	9.5	9.6	10.4	11.1	11.4	10.4	10.5
Instruments and related products	102.6	102.4	103.7	110.1	113.9	112.2	111.0
Measuring and controlling	48.2	47.6	47.5	51.1	54.1	54.3	53.5
Other instruments and related products	54.4	54.8	56.2	59.0	59.8	58.0	57.5
Miscellaneous manufacturing	41.5	43.2	40.6	37.9	35.5	35.5	35.2
Toys and sporting goods	18.0	21.0	18.3	15.1	13.2	12.4	12.5
Other miscellaneous manufacturing	23.6	22.2	22.3	22.9	22.3	23.0	22.7

Source: California Employment Development Department.
(Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by the Department of Finance.)

TABLE 8
AEROSPACE EMPLOYMENT IN CALIFORNIA, 1960–87
(In thousands)

Year and Month [a]	Total Aerospace	Office Computing and Accounting Machines	Radio and TV Receiving Equipment	Communi-cation Equipment	Electronic Components and Accessories	Aircraft and Parts	Guided Missiles and Space Vehicles	Measuring and Controlling Instruments
1960	422.5	23.3	9.9	92.2	29.1	181.4	68.4	18.2
1961	425.8	23.6	10.6	98.8	31.2	166.0	76.2	19.5
1962	457.6	25.4	12.0	112.0	35.4	161.0	89.6	22.1
1963	458.3	25.6	11.9	110.4	34.8	160.1	93.7	21.8
1964	433.5	26.9	11.0	98.1	32.4	153.6	90.8	20.8
1965	434.3	30.2	10.8	95.7	34.9	155.3	86.0	21.4
1966	495.0	33.8	13.7	103.3	47.7	181.3	92.1	23.1
1967	542.4	38.8	15.0	117.6	52.0	198.6	97.4	23.0
1968	544.3	42.7	15.5	117.0	52.4	195.4	96.9	24.6
1969	528.3	53.4	16.7	114.4	57.7	178.3	82.6	25.3
1970	466.3	58.3	15.1	102.9	53.0	148.3	64.5	24.3
1971	409.6	52.3	14.2	91.1	45.9	130.3	52.9	23.0
1972	427.4	52.1	15.0	95.1	52.0	135.4	52.8	25.1
1973	462.8	61.4	15.5	100.0	68.9	135.6	51.0	30.5
1974	485.8	69.7	15.8	102.6	78.5	134.9	51.7	32.7
1975	450.5	63.3	14.9	103.0	65.7	121.3	52.0	30.2
1976	449.6	62.3	16.1	105.4	74.8	108.5	50.0	32.5
1977	465.2	67.0	16.6	108.4	82.3	109.4	48.0	33.5
1978	518.8	80.1	17.8	119.1	97.3	117.5	49.6	37.4
1979	590.6	92.2	18.0	129.6	114.6	140.4	54.0	41.9
1980	632.6	97.9	17.6	137.3	124.2	151.0	58.6	46.0
1981	647.1	98.4	17.3	146.5	126.1	147.9	62.7	48.2
1982	658.3	103.9	14.9	157.2	131.0	137.3	66.4	47.6
1983	672.0	109.9	13.5	158.7	139.8	133.3	69.3	47.5
1984	730.0	117.9	13.7	167.2	165.3	141.1	73.8	51.1
1985	753.7	111.4	13.6	179.1	160.8	156.7	78.1	54.1
1986	752.0	107.2	14.0	179.5	148.6	167.4	81.0	54.3
1987	757.6	110.6	14.5	174.2	148.7	173.9	82.2	53.5
1987 January	749.5	108.7	14.3	175.3	146.0	170.1	82.1	53.0
February	750.8	108.7	14.3	175.0	146.8	171.0	81.7	53.3
March	753.2	110.1	14.3	174.4	147.7	171.3	81.8	53.6
April	752.2	110.2	14.3	173.9	147.6	170.9	82.1	53.2
May	753.0	110.3	14.4	173.7	147.8	171.4	82.3	53.1
June	755.4	110.7	14.4	174.2	148.4	172.0	82.3	53.4
July	759.8	111.1	14.4	175.2	148.5	175.1	81.9	53.6
August	759.8	111.1	14.4	175.2	149.3	176.0	79.8	54.0
September	762.4	111.2	14.5	174.2	149.9	176.5	82.3	53.8
October	763.3	111.5	14.7	173.6	150.4	176.3	83.2	53.6
November	765.0	111.7	14.8	173.2	150.4	177.6	83.6	53.7
December	767.4	112.4	14.8	172.8	151.2	178.8	83.5	53.9

[a] Data from 1960 through 1971 calculated using aerospace categories as defined by 1972 SIC codes. Data from 1972 through 1987 represent the official benchmarked aerospace series based upon the 1972 SIC codes.

Source: California Employment Development Department.

TABLE 9

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, PRODUCTION AND RELATED WORKERS IN MANUFACTURING, CALIFORNIA AND UNITED STATES, 1960–87 [a]

Year	California			United States		
	Average weekly earnings	Average hourly earnings	Average hours per week	Average weekly earnings	Average hourly earnings	Average hours per week
1960	$104.28	$ 2.62	39.8	$ 89.72	$ 2.26	39.7
1961	108.53	2.72	39.9	92.34	2.32	39.8
1962	112.44	2.79	40.3	96.15	2.38	40.4
1963	115.78	2.88	40.2	99.22	2.45	40.5
1964	119.29	2.96	40.3	102.97	2.53	40.7
1965	123.83	3.05	40.6	107.53	2.61	41.2
1966	128.93	3.16	40.8	112.34	2.72	41.3
1967	132.92	3.29	40.4	114.49	2.82	40.6
1968	138.63	3.44	40.3	122.51	3.01	40.7
1969	145.89	3.62	40.3	129.51	3.19	40.6
1970	150.48	3.80	39.6	133.33	3.35	39.8
1971	158.79	4.02	39.5	142.44	3.57	39.9
1972	170.43	4.25	40.1	154.71	3.82	40.5
1973	178.93	4.44	40.3	166.46	4.09	40.7
1974	188.97	4.76	39.7	177.20	4.43	40.0
1975	205.67	5.22	39.4	190.30	4.83	39.4
1976	221.92	5.59	39.7	208.80	5.22	40.0
1977	240.60	6.00	40.1	228.50	5.67	40.3
1978	257.84	6.43	40.1	249.27	6.17	40.4
1979	280.50	7.03	39.9	269.34	6.70	40.2
1980	304.15	7.70	39.5	288.62	7.27	39.7
1981	338.98	8.56	39.6	318.00	7.99	39.8
1982	362.21	9.24	39.2	330.26	8.49	38.9
1983	380.80	9.52	40.0	354.08	8.83	40.1
1984	393.73	9.77	40.3	374.03	9.19	40.7
1985	406.82	10.12	40.2	385.97	9.53	40.5
1986	417.51	10.36	40.3	396.01	9.73	40.7
1987	433.63	10.76	40.3	406.31 [b]	9.91 [b]	41.0 [b]

[a] Averages are based upon data for full-time and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Overtime pay and premium wages for late-shift work are included.

[b] Preliminary data.

Source: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 10

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK IN SELECTED NONMANUFACTURING INDUSTRIES, CALIFORNIA, 1987 [a]

Industry	Average weekly earnings	Average hourly earnings	Average hours per week
Mineral extraction			
Oil and gas extraction	$548.26	$13.81	39.7
Nonmetallic minerals, except fuels	671.92	15.96	42.1
Contract construction			
General building contractors	694.20	19.23	36.1
Heavy construction contractors, except building	701.22	18.60	37.7
Special trade contractors [b]	638.03	19.16	33.3
Transportion and Utilities			
Electric, gas, and sanitary services	701.20	16.46	42.6
Trade			
Wholesale	447.33	11.47	39.0
Retail (excluding eating/drinking)	300.74	9.67	31.1
Services			
Motion picture production	600.27	18.70	32.1

[a] Averages are based upon data for full-time and part-time production and related workers in mineral extraction, construction, workers in construction and nonsupervisory employees and working supervisors in other industries. Overtime hours and pay and premium wages for late-shift work are included.

[b] Detailed data are no longer available.

Source: California Employment Development Department.

TABLE 11
PERSONAL INCOME IN CALIFORNIA, TOTAL AND PER CAPITA, 1960–87

Year	Total			Per capita [a]		
	Amount (In millions)	Percent change	Percent of U.S.	Amount	Percent change	Percent of U.S. average
1960	$43,303	—	10.9	$2,729	—	123.1
1961	45,676	5.5	11.0	2,769	1.5	122.3
1962	49,122	7.5	11.2	2,877	3.9	121.4
1963	52,468	6.8	11.3	2,970	3.2	121.0
1964	56,772	8.2	11.5	3,128	5.3	120.7
1965	60,704	6.9	11.3	3,266	4.4	117.8
1966	65,882	8.5	11.3	3,494	7.0	117.2
1967	70,735	7.4	11.3	3,689	5.6	116.7
1968	77,330	9.5	11.3	3,987	8.1	116.2
1969	84,402	9.3	11.3	4,282	7.4	115.3
Revised Data						
1969	88,401	—	11.5	4,485	—	117.8
1970	95,039	7.5	11.5	4,746	5.8	117.2
1971	100,865	6.1	11.4	4,958	4.5	115.4
1972	110,341	9.4	11.3	5,360	8.1	114.9
1973	121,784	10.4	11.1	5,836	8.9	112.6
1974	136,194	11.8	11.3	6,433	10.2	113.9
1975	149,700	9.9	11.4	6,951	8.1	114.5
1976	167,708	12.0	11.6	7,646	10.0	115.0
1977	187,134	11.6	11.7	8,373	9.5	114.8
1978	214,939	14.9	11.9	9,411	12.4	115.7
1979	244,778	13.9	12.1	10,526	11.8	116.5
1980	276,110	12.8	12.2	11,603	10.2	117.0
1981	308,730	11.8	12.3	12,723	9.7	116.2
1982	328,035	6.3	12.3	13,236	4.0	115.3
1983	352,459	7.4	12.4	13,927	5.2	115.1
1984	389,190	10.4	12.5	15,097	8.4	115.1
1985	422,676	8.6	12.7	16,036	6.2	115.3
1986	456,098	7.9	12.9	16,904	5.4	115.5
1987 [b]	494,707	8.5	13.2	17,883	5.8	116.4

[a] Per capita figures derived using population estimates of the California Department of Finance.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 12
PERSONAL INCOME BY MAJOR SOURCES, CALIFORNIA, 1960–87
(In millions)

Year	Total Personal Income [a]	Wages and salaries	Other labor income	Proprietor		Property income	Transfer payments	Less: Contributions for social insurance	Residence adjustment
				Farm	Other				
1960	$43,303	$29,048	$1,101	$899	$4,168	$6,195	$3,072	$1,085	−$95
1961	45,676	30,619	1,196	814	4,343	6,429	3,529	1,171	−84
1962	49,122	33,063	1,342	914	4,524	6,910	3,728	1,276	−82
1963	52,468	35,434	1,514	859	4,652	7,474	4,085	1,478	−72
1964	56,772	37,991	1,734	1,007	5,054	8,229	4,420	1,591	−72
1965	60,704	40,444	1,918	919	5,276	9,005	4,872	1,711	−19
1966	65,882	44,551	2,126	994	5,476	9,639	5,343	2,227	−20
1967	70,735	47,752	2,281	921	5,704	10,254	6,363	2,525	−18
1968	77,330	52,355	2,654	1,059	6,160	10,759	7,154	2,791	−20
1969	84,402	57,373	3,018	966	6,356	11,789	8,083	3,158	−26
Revised data									
1969	88,401	57,917	3,108	966	8,053	12,494	9,035	3,154	−18
1970	95,039	61,230	3,473	979	8,219	13,520	10,978	3,353	−7
1971	100,865	63,908	3,802	965	8,872	14,244	12,637	3,564	2
1972	110,341	69,895	4,486	1,391	9,987	15,031	13,716	4,174	9
1973	121,784	76,904	5,100	2,021	10,853	16,849	15,172	5,135	21
1974	136,194	84,419	5,903	2,549	11,769	18,977	17,919	5,376	34
1975	149,700	90,834	7,038	2,003	13,280	19,810	22,288	5,731	178
1976	167,708	100,631	8,515	2,042	16,217	21,722	24,852	6,562	290
1977	187,134	112,559	10,424	2,110	18,093	24,312	26,859	7,373	150
1978	214,939	128,656	12,150	2,391	20,947	29,596	29,157	8,092	133
1979	244,778	146,684	14,006	3,246	22,695	35,577	32,119	9,664	114
1980	276,110	163,730	16,110	4,108	22,249	42,294	37,393	9,881	107
1981	308,730	182,175	17,706	3,550	21,344	52,025	43,659	11,885	157
1982	328,035	193,193	19,661	2,948	21,419	55,579	47,895	12,827	166
1983	352,459	207,054	21,546	2,964	25,401	59,218	50,638	14,556	194
1984	389,190	229,746	23,094	3,547	29,642	66,935	52,287	16,269	207
1985	422,676	250,668	24,742	3,812	33,626	71,292	56,829	18,534	239
1986	456,098	269,772	26,084	4,493	37,606	76,779	61,261	20,143	246
1987 [b]	494,707	294,375	28,227	5,181	42,785	81,115	64,900	22,129	252

[a] Detail may not add to total because of rounding.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 13
DISPOSABLE PERSONAL INCOME, CALIFORNIA 1960–86

	Disposable Personal Income		Per Capita Disposable Income	
	Amount (in millions)	Percent Change	Amount	Percent Change
1960	$37,637	4.8	$2,372	2.1
1961	39,669	5.4	2,405	1.4
1962	42,533	7.2	2,491	3.6
1963	45,396	6.7	2,569	3.1
1964	49,977	10.1	2,753	7.2
1965	53,454	7.0	2,876	4.5
1966	57,540	7.6	3,051	6.1
1967	61,431	6.8	3,204	5.0
1968	66,235	7.8	3,415	6.6
1969	71,498	7.9	3,627	6.2
Revised basis				
1969	75,674	—	3,839	—
1970	82,712	9.3	4,131	7.6
1971	88,578	7.1	4,354	5.4
1972	94,949	7.2	4,613	5.9
1973	106,005	11.6	5,080	10.1
1974	118,249	11.6	5,585	9.9
1975	131,533	11.2	6,107	9.3
1976	145,806	10.9	6,647	8.8
1977	161,576	10.8	7,229	8.8
1978	184,887	14.4	8,095	12.0
1979	209,089	13.1	8,991	11.1
1980	235,006	12.4	9,876	9.8
1981	262,961	11.9	10,837	9.7
1982	280,815	6.8	11,331	4.6
1983	303,947	8.2	12,010	6.0
1984	335,112	10.3	12,999	8.2
1985	362,097	8.1	13,737	5.7
1986	392,655	8.4	14,553	5.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 14
INDUSTRIAL SOURCES OF EARNINGS, CALIFORNIA AND UNITED STATES, 1984–86
(In percent)

Industry	California			United States		
	1984	1985	1986	1984	1985	1986
Total [a]	100.0	100.0	100.0	100.0	100.0	100.0
Farming	1.9	1.8	1.9	1.7	1.6	1.7
Mining	0.9	0.9	0.7	1.7	1.7	1.4
Construction	6.4	6.4	6.6	6.3	6.3	6.4
Manufacturing	20.4	19.9	19.1	22.6	22.0	21.2
Transportation, communication, and public utilities	6.6	6.4	6.3	7.3	7.1	6.9
Trade	16.4	16.4	16.3	16.3	16.3	16.2
Finance, insurance, real estate	6.5	6.7	7.4	6.3	6.5	7.1
Services	24.7	25.2	25.5	21.5	22.1	22.7
Government	15.5	15.6	15.3	15.9	15.9	15.8
Other [b]	0.8	0.8	0.8	0.5	0.5	0.5

[a] Consists of wage and salary disbursements, other labor income and proprietors' income. Detail may not add to total due to rounding.
[b] Agricultural services, forestry, fisheries and other.
Source: Computed by California Department of Finance from data reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 15

NUMBER OF PERSONAL INCOME TAX RETURNS, ADJUSTED GROSS INCOME TAXABLE INCOME, AND TAX ASSESSED, 1960–85

(Income in thousands)

Income Year [a]	Number of returns	Adjusted gross income	Taxable income	Tax assessed
1960	4,239,099	$31,234,015	$13,337,516	$256,450,535
1961	4,454,831	33,581,594	14,624,977	290,676,930
1962	4,558,688	35,878,383	15,833,652	304,396,656
1963	4,851,770	38,835,003	17,382,196	338,006,936
1964	4,981,588	42,133,398	19,411,712	391,744,625
1965	5,167,529	45,234,006	21,088,900	432,886,449
1966	5,445,732	48,692,542	23,442,015	478,765,378
1967	5,449,456	52,827,614	43,252,693	947,644,969
1968	5,334,038	56,636,453	44,663,419	1,061,700,536
1969	5,586,849	60,874,377	47,983,889	1,088,914,303
1970	5,554,362	63,189,993	49,434,451	1,212,386,611
1971	5,690,817	67,784,603	52,618,643	1,132,505,465
1972	6,972,468	78,371,548	60,904,375	1,691,312,440
1973	7,490,292	85,533,832	66,863,680	1,536,631,957
1974	7,929,997	93,727,065	73,916,530	2,360,763,630
1975	8,124,290	101,597,846	80,476,280	2,758,812,903
1976	8,620,249	115,605,336	91,731,547	3,359,556,988
1977	8,989,797	132,780,576	105,756,245	4,224,600,738
1978	9,448,710	149,103,646	119,658,733	4,174,010,707
1979	10,190,263	169,787,242	136,691,944	5,973,284,386
1980	10,335,674	189,296,755	150,455,416	6,205,907,550
1981	10,661,919	209,941,951	165,129,794	6,774,149,612
1982	10,721,424	224,864,258	175,605,697	7,240,834,538
1983	10,950,080	244,257,462	188,843,751	8,424,611,422
1984	11,630,329	290,103,630	229,858,627	9,817,265,664
1985	11,857,200	306,005,694	240,023,248	10,636,087,730

[a] Changes in the Personal Income Tax Law effective with returns for the 1987 income year make prior year information not comparable.
Source: California Franchise Tax Board.

TABLE 16
PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1985 INCOME YEAR

County	All Returns—taxable and nontaxable			Joint Returns		
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	Tax Assessed (thousands)
ALAMEDA	522,247	$13,877,739	$20,084	208,617	$37,121	$475,495
ALPINE	218	4,737	16,286	113	28,000	109
AMADOR	9,267	202,591	17,690	5,551	25,035	5,303
BUTTE	58,644	1,109,242	13,587	30,372	22,147	29,191
CALAVERAS	8,588	188,922	16,230	5,182	23,376	5,688
COLUSA	5,411	115,249	14,327	3,016	21,388	4,056
CONTRA COSTA	302,988	10,460,178	24,303	146,627	41,634	365,196
DEL NORTE	6,094	94,851	12,101	3,460	20,049	2,227
EL DORADO	36,621	833,943	17,440	20,453	27,697	21,074
FRESNO	209,776	4,269,440	14,093	105,094	24,064	125,683
GLENN	8,164	150,423	14,110	4,614	21,336	3,846
HUMBOLDT	42,088	830,331	14,422	20,861	25,533	23,317
IMPERIAL	33,137	591,096	12,180	19,574	16,766	15,158
INYO	7,314	148,825	16,273	3,930	25,341	3,884
KERN	165,966	3,783,488	16,926	87,673	27,854	111,090
KINGS	24,449	478,240	14,873	13,644	22,665	12,474
LAKE	16,116	302,846	13,833	9,261	20,250	7,210
LASSEN	7,556	151,478	16,771	4,459	24,518	3,480
LOS ANGELES	3,244,288	85,631,694	17,214	1,300,782	31,110	3,209,654
MADERA	24,185	475,660	14,536	14,369	22,395	11,809
MARIN	104,743	3,856,755	23,483	42,128	44,983	186,223
MARIPOSA	4,753	91,795	14,320	2,532	22,690	2,082
MENDOCINO	27,777	550,227	15,028	14,371	24,205	14,614
MERCED	49,482	910,950	13,644	26,847	21,341	27,550
MODOC	2,747	49,867	13,767	1,639	20,056	1,107
MONO	3,326	68,528	17,850	1,419	27,354	1,808
MONTEREY	109,685	2,687,490	16,977	52,017	28,659	90,961
NAPA	40,673	1,071,980	19,752	20,282	32,461	35,855
NEVADA	24,463	550,832	17,260	13,957	25,386	14,936
ORANGE	926,497	27,223,519	20,633	417,835	37,662	987,188
PLACER	57,971	1,467,460	19,127	31,742	31,394	41,542
PLUMAS	6,565	134,925	16,651	3,938	24,916	3,339
RIVERSIDE	287,678	6,757,586	17,140	152,501	27,708	193,824
SACRAMENTO	366,037	8,668,190	18,253	165,355	31,801	262,355
SAN BENITO	11,117	239,143	15,715	5,807	26,165	6,530
SAN BERNARDINO	368,744	8,851,571	18,372	192,804	30,015	228,056
SAN DIEGO	826,662	20,850,376	17,797	376,576	31,150	691,621
SAN FRANCISCO	368,413	9,508,029	17,352	102,796	29,921	439,691
SAN JOAQUIN	154,647	3,367,804	16,037	78,069	27,625	102,127

TABLE 16—Continued
PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1985 INCOME YEAR

County	All Returns—taxable and nontaxable			Joint Returns		Tax Assessed (thousands)
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
SAN LUIS OBISPO	68,808	1,559,380	16,948	34,754	27,834	44,596
SAN MATEO	278,693	9,375,851	23,614	120,468	41,361	408,233
SANTA BARBARA	135,834	3,740,620	18,528	60,907	32,995	144,259
SANTA CLARA	624,228	19,651,404	25,831	268,768	41,644	749,231
SANTA CRUZ	89,430	2,162,512	17,270	39,450	30,319	69,388
SHASTA	47,863	976,326	15,002	26,841	24,017	26,479
SIERRA	1,133	22,104	16,035	641	24,182	547
SISKIYOU	15,144	281,182	14,052	8,766	21,083	7,600
SOLANO	101,858	2,620,084	21,466	52,668	34,569	72,871
SONOMA	142,447	3,577,932	18,966	67,186	32,599	113,545
STANISLAUS	114,610	2,417,360	15,148	59,370	25,312	73,337
SUTTER	20,539	419,711	14,564	11,479	22,827	11,854
TEHAMA	14,155	254,786	14,118	8,128	21,294	6,193
TRINITY	4,075	78,521	14,895	2,482	21,292	1,880
TULARE	88,477	1,646,501	13,092	50,157	20,334	43,390
TUOLUMNE	15,476	318,729	15,967	8,826	24,038	8,021
VENTURA	233,946	6,564,109	21,004	120,393	35,751	205,749
YOLO	48,058	1,134,602	15,853	21,925	29,203	33,322
YUBA	16,269	267,911	12,494	8,881	19,290	5,708
UNALLOCATED [1]	104,808	2,582,349	15,365	42,844	29,722	81,900
RESIDENT						
OUT OF STATE [2]	78,005	1,985,537	13,890	29,284	24,681	90,235
NONRESIDENT	185,648	9,789,270	23,978	105,880	35,031	123,869
TOTALS:						
58 COUNTIES	10,536,140	$277,677,625	—	4,682,357	—	$9,793,556
ALL	10,904,601	$292,034,781	$18,321	4,860,365	$33,362	$10,089,560

[1] Unable to determine county of residence from tax returns.
[2] Resident returns filed with out-of-state address.
Source: California Franchise Tax Board.

TABLE 17
CONSUMER PRICE INDEX, UNITED STATES, CALIFORNIA, LOS ANGELES, SAN FRANCISCO, AND SAN DIEGO, 1970–87
(1982–84 = 100)

Year	United States	California [b]	Los Angeles-Long Beach [c]	San Francisco-Oakland [d]	San Diego [e]
All Urban Consumers					
1970	38.8	37.9	38.7	37.7	34.1
1971	40.5	39.3	40.1	39.1	35.4
1972	41.8	40.6	41.4	40.4	36.8
1973	44.4	43.0	43.7	42.8	39.2
1974	49.3	47.4	48.2	47.0	43.5
1975	53.8	52.3	53.3	51.8	47.6
1976	56.9	55.6	56.9	54.6	50.5
1977	60.6	59.5	60.8	58.8	53.8
1978	65.2	64.4	65.3	64.3	59.2
1979	72.6	71.3	72.3	69.8	68.9
1980	82.4	82.4	83.7	80.4	79.4
1981	90.9	91.4	91.9	90.8	90.1
1982	96.5	97.3	97.3	97.6	96.2
1983	99.6	98.9	99.1	98.4	99.0
1984	103.9	103.8	103.6	104.0	104.8
1985	107.6	108.6	108.4	108.4	110.4
1986	109.6	112.0	111.9	111.6	113.5
1987	113.6	116.6	116.7	115.4	117.5
Urban Wage Earners and Clerical Earners					
1970	39.0	38.2	38.7	38.0	35.8
1971	40.7	39.6	40.1	39.4	37.1
1972	42.1	40.9	41.4	40.8	38.6
1973	44.7	43.3	43.7	43.2	41.1
1974	49.6	47.7	48.2	47.4	45.6
1975	54.1	52.6	53.3	52.2	49.9
1976	57.2	55.9	56.8	55.2	52.9
1977	60.9	59.9	60.8	59.4	56.4
1978 [a]	65.6	64.7	65.1	64.8	61.9
1979	73.1	72.1	72.8	70.5	71.4
1980	82.9	83.6	84.7	81.2	82.1
1981	91.4	92.7	93.1	91.6	92.8
1982	96.9	98.5	98.5	98.2	99.4
1983	99.8	99.0	99.3	98.2	99.0
1984	103.3	102.5	102.2	103.7	101.7
1985	106.9	106.7	106.5	107.8	104.5
1986	108.6	109.6	109.5	110.7	107.2
1987	112.5	113.9	114.0	114.3	111.1

[a] 1960–77: Old Urban Wage Earners and Clerical Workers CPI. 1978 begins the revised Urban Wage Earners and Clerical Workers CPI. The revised series ties to the old series.
[b] Computed by the Department of Industrial Relations, Division of Labor Statistics and Research as a weighted average of the indexes for Los Angeles-Long Beach, San Francisco-Oakland, and from 1965–86, San Diego.
[c] 1978–86: Los Angeles and Orange Counties. Starting with 1987, Riverside, San Bernardino, and Ventura Counties are also included.
[d] 1978–86: Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties. Starting with 1987, Napa, Santa Clara, Santa Cruz, Solano, and Sonoma Counties are also included.
[e] San Diego County.
Source: U.S. Department of Labor, Bureau of Labor Statistics and California Department of Industrial Relations.

TABLE 18
CALIFORNIA CASH FARM INCOME, NONCASH INCOME, INVENTORY ADJUSTMENT, PRODUCTION EXPENSES AND INCOME, 1960–86
(In millions of dollars)

Year	Cash Farm Income [a]	Noncash Income [b]	Inventory Adjustment	Gross Farm Income [c]	Production Expense	Net Farm Income
1960	3,271	134	45	3,450	2,476	974
1961	3,317	146	−5	3,458	2,577	881
1962	3,485	143	87	3,715	2,758	957
1963	3,582	146	3	3,731	2,827	904
1964	3,747	149	15	3,911	2,842	1,069
1965	3,803	154	60	4,017	3,043	974
1966	4,188	156	−40	4,304	3,212	1,092
1967	4,096	150	17	4,263	3,297	966
1968	4,452	151	39	4,642	3,474	1,168
1969	4,656	154	−62	4,749	3,661	1,088
1970	4,717	152	−16	4,854	3,828	1,025
1971	5,028	161	21	5,210	4,193	1,017
1972	5,698	171	15	5,884	4,324	1,560
1973	7,401	192	160	7,753	5,197	2,556
1974	8,678	223	162	9,063	6,197	2,866
1975	8,587	265	81	8,933	6,599	2,334
1976	9,214	291	−25	9,479	7,231	2,248
1977	9,623	295	6	9,924	7,584	2,340
1978	10,846	340	−19	11,166	8,536	2,631
1979	13,067	466	208	13,741	10,034	3,707
1980	14,116	581	211	14,907	10,809	4,098
1981	14,205	688	614	15,506	11,476	4,030
1982	14,872	783	−449	15,206	12,003	3,203
1983	13,809	801	−124	14,486	11,936	2,549
1984	15,031	796	263	16,090	12,179	3,911
1985	14,721	720	162	15,603	11,504	4,100
1986	14,671	651	−264	15,058	10,823	4,235

[a] Receipts from marketings plus government payments, other farm income and nonmoney income.
[b] Value of home consumption and gross rental value of farm dwellings.
[c] Net farm income before adjustment plus net change in inventories. May not total due to rounding.
Source: United States Department of Agriculture, Economic Research Service.

TABLE 19
CALIFORNIA CASH FARM INCOME, ALL CROPS, LIVESTOCK AND POULTRY, OTHER FARM INCOME, AND GOVERNMENT PAYMENTS, 1960–86
(In millions of dollars)

Year	Cash Farm Income[a]	All Crops	Livestock and Poultry	Other Farm Related Income [b]	Government Payments
1960	3,271	1,976	1,246	27	22
1961	3,317	1,985	1,278	26	28
1962	3,485	2,081	1,344	28	32
1963	3,582	2,170	1,350	30	32
1964	3,747	2,369	1,309	35	34
1965	3,803	2,295	1,427	40	41
1966	4,188	2,477	1,565	42	104
1967	4,096	2,374	1,564	48	110
1968	4,452	2,679	1,621	51	101
1969	4,656	2,711	1,768	54	123
1970	4,717	2,718	1,815	52	132
1971	5,028	2,980	1,876	59	113
1972	5,698	3,430	2,086	60	122
1973	7,401	4,659	2,563	73	106
1974	8,678	5,796	2,786	78	18
1975	8,587	5,674	2,800	97	16
1976	9,214	6,173	2,923	105	13
1977	9,623	6,495	2,947	106	75
1978	10,846	7,302	3,381	107	57
1979	13,067	8,658	4,227	122	61
1980	14,116	9,899	4,089	115	14
1981	14,205	9,839	4,219	124	23
1982	14,872	10,089	4,393	255	135
1983	13,809	9,006	4,213	237	353
1984	15,031	9,938	4,529	229	335
1985	14,721	9,826	4,324	270	302
1986	14,671	9,602	4,446	234	388

[a] Receipts from marketings plus government payments and other farm income (may not total due to rounding).
[b] Includes forest product sales, recreational income and other farm business related income. Estimates for 1982 and later include income from custom feeding services.
Source: United States Department of Agriculture, Economic Research Service.

TABLE 20
CALIFORNIA CASH FARM RECEIPTS FROM CROPS, 1960–86
(In millions of dollars)

Year	All Crops	Fruits and Nuts	Vegetables	Field Crops	Nursery Products
1960	1,976	586	448	830	112
1961	1,989	587	475	804	119
1962	2,081	601	522	826	132
1963	2,170	647	505	879	139
1964	2,369	724	563	917	165
1965	2,295	631	594	900	170
1966	2,477	712	690	893	182
1967	2,374	666	713	807	188
1968	2,679	786	855	842	196
1969	2,711	848	782	864	217
1970	2,718	824	771	889	234
1971	2,980	935	915	884	246
1972	3,430	1,018	1,050	1,071	291
1973	4,659	1,554	1,191	1,549	365
1974	5,796	1,503	1,490	2,382	421
1975	5,674	1,507	1,633	2,064	470
1976	6,173	1,608	1,589	2,427	549
1977	6,495	2,017	1,889	2,001	588
1978	7,302	2,555	2,125	1,957	665
1979	8,658	3,151	2,232	2,470	805
1980	9,899	3,252	2,557	3,184	906
1981	9,839	3,182	2,846	2,871	940
1982	10,089	3,416	2,734	2,995	944
1983	9,006	2,709	2,952	2,328	1,017
1984	9,938	3,249	3,113	2,331	1,245
1985	9,826	3,322	2,892	2,323	1,289
1986	9,602	3,255	3,037	2,059	1,251

Source: United States Department of Agriculture, Economic Research Service.

TABLE 21
AGRICULTURAL EMPLOYMENT IN CALIFORNIA, 1972–87

Year and Month	Total Wage and Salary Employment	Agricultural Production	Agricultural Services [a]
1972	268.1	208.3	59.8
1973	288.9	222.4	66.6
1974	308.1	236.9	71.2
1975	315.7	243.7	72.0
1976	323.5	248.2	75.3
1977	314.7	241.7	72.9
1978	323.9	245.1	78.9
1979	338.6	253.6	85.0
1980	352.3	261.9	90.3
1981	354.4	258.6	95.8
1982	358.9	260.7	98.3
1983	347.3	250.3	97.1
1984	347.3	248.6	98.7
1985	335.4	232.7	102.7
1986	327.6	222.0	105.6
1987	345.3	224.1	121.2
1987 January	267.9	182.9	85.0
February	261.1	179.8	81.3
March	263.8	184.0	79.8
April	334.9	222.7	112.2
May	393.3	250.0	143.3
June	418.4	260.2	158.2
July	412.5	260.0	152.5
August	420.7	262.1	158.6
September	429.1	268.0	161.1
October	347.6	231.4	116.2
November	299.8	193.9	105.9
December	294.5	194.7	99.8

[a] Agricultural services includes forestry and fishing, but excludes veterinary, other animal, and landscape and horticultural services.
Source: California Employment Development Department (Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by the Department of Finance.)

TABLE 22
CORPORATE INCOME REPORTED FOR STATE TAXATION, 1960–85

Year [b]	Number of Corporations [a]				Income Reported for State Taxation (in millions)		
	Total	With net income	With net loss	No income or loss	Total	Net income [c]	Net loss [d]
1960	101,081	56,987	28,743	15,351	$3,517	$4,182	$−665
1961	105,645	59,746	31,802	14,097	3,717	4,509	−792
1962	110,294	63,400	31,954	14,940	3,970	4,754	−784
1963	114,667	66,496	33,667	14,504	4,283	5,092	−809
1964	118,860	69,555	34,254	15,051	4,626	5,526	−900
1965	122,399	71,484	35,625	15,290	5,126	6,007	−881
1966	124,690	73,076	35,664	15,950	5,643	6,638	−995
1967	125,677	73,433	38,188	14,056	5,252	6,456	−1,203
1968	128,505	77,238	36,754	14,513	6,003	7,255	−1,251
1969	136,695	80,348	38,627	17,720	5,643	7,477	−1,834
1970	145,352	81,340	44,318	19,694	4,386	6,712	−2,326
1971	151,216	83,664	47,621	19,931	4,804	7,249	−2,445
1972	158,932	91,055	47,214	20,663	6,465	8,561	−2,096
1973	165,676	97,377	46,937	21,362	7,911	10,208	−2,296
1974	172,185	102,680	49,962	19,543	8,978	11,734	−2,757
1975	177,665	106,213	53,965	17,487	8,362	11,672	−3,309
1976	184,326	113,614	54,249	16,463	11,916	14,808	−2,892
1977	200,393	124,175	57,949	18,269	14,941	17,830	−2,889
1978	221,527	138,495	63,725	19,307	18,728	21,974	−3,246
1979	248,188	154,468	72,343	21,377	20,735	24,826	−4,091
1980	275,493	165,183	86,482	23,828	20,654	25,825	−5,171
1981	299,215	172,122	101,398	25,695	16,367	24,214	−7,847
1982	326,264	175,054	120,964	30,246	10,745	22,828	−12,083
1983	337,165	184,408	125,149	27,614	16,485	26,628	−10,143
1984	397,854	208,566	149,831	39,456	19,349	31,742	−12,393
1985	388,244	207,388	139,408	41,448	21,120	34,308	−13,188

[a] Includes a slight amount of duplication as a result of mergers, consolidations, changes in corporate names and changes of income year which necessitated filing more than one state franchise tax return during the year. In 1961 this duplication amounted to approximately 205 corporations, or 0.5 percent of the total.
[b] Includes corporations with fiscal years ending in the calendar year shown.
[c] Income of all corporations reporting net income.
[d] Income of all corporations reporting net loss.
Source: California Franchise Tax Board.

TABLE 23
BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1984 AND 1985
(Income in thousands)

Industry	1984 Taxable Year				1985 Taxable Year			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Agriculture, forestry, and fishery	3,694	$244,174	8,274	$−232,993	4,501	$360,509	8,992	$−28,367
Mining	778	$2,113,039	2,464	$1,773,877	787	$1,667,129	1,746	$1,578,058
Crude petroleum and natural gas production	722	2,045,857	1,924	1,762,837	532	1,565,613	1,235	1,487,840
Other mining and quarrying	56	67,182	540	11,040	255	101,516	511	90,218
Construction	15,104	$1,116,371	31,825	$494,239	15,961	$1,421,534	30,523	$763,151
Manufacturing	21,815	$11,217,138	40,259	$8,026,606	21,784	$10,719,968	38,691	$6,953,469
Beverages, food, and kindred products	1,197	1,244,445	2,172	922,383	1,048	927,795	1,942	700,616
Textile-mill products	112	36,059	353	−692	52	17,481	393	8,728
Apparel and products made from fabric	765	195,805	1,543	112,766	1,074	206,119	1,943	116,122
Wood products, except furniture	502	239,469	976	201,284	1,306	324,452	1,783	297,284
Furniture and fixtures	818	227,896	1,473	188,011	840	169,878	1,847	45,655
Paper and allied products	443	163,616	684	160,160	221	86,888	545	−61,480
Printing, publishing, and allied industries	3,604	872,983	5,884	703,850	2,353	663,943	4,384	570,233
Chemicals and allied products	1,409	1,032,335	2,797	921,009	1,733	914,387	2,713	651,170
Petroleum, coal, and rubber products	439	54,196	620	−106,419	499	299,384	658	101,891
Stone, clay, and glass products	500	306,595	1,093	230,022	421	159,950	916	150,723
Primary metals	496	126,453	863	−47,769	383	203,261	490	58,586
Electrical machinery and equipment	2,367	2,882,743	5,161	2,027,699	2,557	2,408,919	5,039	883,360
Transportation equipment	625	1,846,525	1,520	1,603,709	849	2,224,647	1,740	2,103,299
Other equipment	2,352	359,528	4,074	137,832	2,161	402,611	3,223	267,299
Precision equipment	774	303,336	1,490	154,321	565	679,563	1,199	634,425

TABLE 23—Continued
BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1984 AND 1985
(Income in thousands)

Industry	1984 Taxable Year				1985 Taxable Year			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Other fabricated metal products	3,113	635,064	4,911	512,943	3,782	565,394	5,664	213,416
Other manufacturing	2,299	690,090	4,645	305,497	1,940	465,296	4,212	212,142
Services	82,236	$3,141,180	149,503	$948,942	78,600	$3,988,339	145,467	$1,632,576
Motion picture production	5,268	134,752	9,661	−259,280	4,597	187,444	7,990	−170,326
Amusement services	3,696	212,691	7,537	−1,285	3,804	173,746	7,283	74,297
Personal services	2,389	53,250	5,209	18,329	1,989	64,036	3,523	44,455
Business services	26,028	1,260,033	55,205	307,069	27,378	1,235,815	57,070	181,472
Professional services	31,146	508,692	42,767	398,011	24,196	342,787	36,171	210,053
Other services	13,709	971,762	29,124	486,098	16,636	1,984,511	33,430	1,292,625
Trade	49,538	$6,796,504	91,612	$4,641,367	52,898	$6,908,220	91,894	$4,613,017
Retail trade	26,826	3,491,950	50,895	2,435,484	28,025	3,609,819	49,221	2,344,699
Wholesale trade	22,712	3,304,554	40,717	2,205,883	24,873	3,298,401	42,673	2,268,318
Finance, insurance, and real estate	30,791	$4,160,038	64,410	$1,461,607	27,496	$4,580,763	58,996	$1,567,911
Banks	291	786,583	416	760,960	325	676,315	479	373,529
Savings and loan associations	583	678,124	1,025	−56,814	649	1,117,965	1,334	549,956
Real estate companies	21,194	1,967,980	45,597	869,506	18,135	1,462,781	40,631	−115,224
Investment and insurance companies	8,723	727,351	17,372	−112,045	8,387	1,323,702	16,552	759,650
Utilities	4,610	$2,953,417	9,507	$2,234,913	5,361	$4,661,951	11,935	$4,039,984
Transportation	3,227	965,997	6,232	481,003	4,123	765,031	8,080	343,591
Communications	114	112,254	479	69,435	362	1,622,108	619	1,597,868
Radio and television industries	333	232,607	640	193,974	170	124,606	1,010	7,238
Electric and gas utilities	5	1,403,862	65	1,388,977	6	1,931,956	109	1,891,297
Other public utilities	931	238,697	2,091	101,524	700	218,250	2,117	199,990
Total	208,566	$31,741,861	397,854	$19,348,558	207,388	$34,308,413	388,244	$21,119,799

Source: California Franchise Tax Board.

TABLE 24

CALIFORNIA BUILDING PERMIT ACTIVITY: NONRESIDENTIAL VALUATION BY SELECTED TYPES OF CONSTRUCTION, 1963–87

(In thousands of dollars)

Year	Commercial	Industrial	Other	Additions and alterations	Total [b]
1963	734,878	198,932	708,507	280,024	1,922,338
1964	749,998	184,849	805,449	261,022	2,001,317
1965	845,483	207,844	656,461	286,488	1,996,275
1966	829,974	255,348	706,425	307,759	2,099,504
1967	728,496	283,612	601,256	268,139	1,881,503
1968	869,419	367,027	651,423	271,259	2,159,126
1969	1,016,925	395,697	666,768	452,097	2,531,490
1970	1,089,054	288,077	674,969	491,669	2,543,764
1971	1,401,364	326,049	978,580	263,473	2,969,469
1972	1,437,511	464,702	865,306	281,118	3,048,634
1973	1,349,105	717,549	826,827	337,156	3,230,637
1974	1,260,018	736,532	902,675	359,502	3,258,723
1975	1,296,132	491,032	952,261	366,794	3,106,221
1976	1,327,749	629,515	1,067,335	443,049	3,467,649
1977	1,890,490	1,093,685	1,229,912	498,550	4,712,638
1978	2,477,474	1,556,132	1,318,691	606,069	5,958,365
1979	3,377,019	1,812,478	1,383,480	721,923	7,294,901
1980 [a]	3,274,077	1,276,735	1,202,941	1,716,358	7,470,107
1981	4,034,262	1,484,012	1,308,222	2,079,349	8,905,843
1982	4,176,487	1,051,366	1,401,367	2,100,651	8,729,875
1983	4,456,644	1,312,567	1,478,114	2,663,477	9,910,801
1984	5,644,100	2,020,400	1,560,600	2,743,500	11,968,600
1985	6,235,954	1,956,566	1,800,293	3,324,965	13,317,778
1986	5,742,452	2,134,394	1,887,069	3,401,499	13,165,415
1987	5,565,678	1,767,106	1,396,049	3,530,712	12,259,547

[a] Prior to 1980 all additions and alterations of $100,000 or over were recorded as new construction in either the commercial, industrial or other category.

[b] Parts may not add to total due to rounding.

Source: Security Pacific National Bank through 1986.
U.S. Department of Commerce, Bureau of the Census starting 1987.

TABLE 25
RESIDENTIAL HOUSING UNITS AUTHORIZED BY PERMITS, CALIFORNIA, 1963–87

Year	Single	Multiple	Total	Additions and Alterations Valuation (Millions)	Total Residential Valuation (Millions)
1963	131,544	190,472	322,016	$264	$4,066
1964	112,977	155,430	268,407	285	3,742
1965	95,156	82,426	177,582	280	2,910
1966	65,405	33,967	99,372	259	1,926
1967	68,417	43,575	111,992	260	2,108
1968	86,957	73,022	159,979	268	2,838
1969	80,134	104,211	184,345	267	3,148
1970	71,344	124,348	195,692	271	3,177
1971	113,260	143,729	256,989	303	4,529
1972	124,064	155,606	279,670	330	5,390
1973	102,571	113,508	216,079	350	4,883
1974	76,204	53,025	129,229	434	3,687
1975	89,823	41,909	131,732	529	4,541
1976	140,293	81,647	221,940	659	8,023
1977	174,874	95,766	270,640	840	10,494
1978	141,537	102,268	243,805	947	10,604
1979	127,499	82,577	210,076	1,103	10,791
1980	86,632	58,355	144,987	1,234	9,098
1981	59,973	44,900	104,873	1,235	7,520
1982	49,852	34,521	84,373	1,242	6,179
1983	99,299	69,059	168,358	1,493	11,511
1984	107,346	110,661	218,007	1,567	14,514
1985	109,809	153,873	263,682	1,683	17,599
1986	143,013	159,921	302,934	1,870	22,319
1987	133,289	115,406	248,695	2,085	21,268

Source: Security Pacific National Bank through 1986.
U.S. Department of Commerce, Bureau of the Census starting 1987.

TABLE 26

TAXABLE TRANSACTIONS IN CALIFORNIA AND OUTSTANDING SALES TAX PERMITS, BY TYPE OF OUTLET, 1960–1987

Calendar Year	Taxable Transactions		Sales Tax Permits Outstanding [a]			
	All Outlets (In millions)	Retail Stores (In millions)	Total	Retail [b] Stores	Personal Service Shops	Other [c]
1960	$23,361	$15,645	346,706	150,512	58,997	137,197
1961	23,987	16,077	351,540	148,899	59,516	143,125
1962	25,969	17,522	355,403	151,769	57,591	146,043
1963	27,392	18,893	362,614	154,517	57,105	150,992
1964	30,265	20,550	372,387	157,344	56,749	158,294
1965	31,908	21,516	381,203	161,109	56,002	164,092
1966	34,236	22,624	389,867	163,087	55,326	171,454
1967	35,122	23,512	392,705	163,821	54,624	174,260
1968	39,007	26,168	401,980	165,285	54,993	181,702
1969	42,378	28,254	411,375	167,887	55,066	188,422
1970	43,223	28,699	426,766	171,094	56,173	199,499
1971	46,815	31,496	440,935	173,343	57,359	210,233
1972	53,714	36,518	459,616	177,261	58,815	233,540
1973	61,738	42,119	474,733	180,330	59,943	234,460
1974	68,071	45,797	492,937	182,570	60,918	249,449
1975	73,476	49,800	520,499	187,399	62,951	270,149
1976	83,822	57,343	552,162	193,925	65,868	292,369
1977	99,482	67,491	583,704	200,452	69,271	313,981
1978	113,468	76,366	611,397	206,951	72,003	332,443
1979	131,678	87,270	642,152	212,804	75,185	354,163
1980	142,759	94,211	673,679	218,945	78,272	376,462
1981	155,127	101,666	698,080	223,201	79,952	394,927
1982	154,553	102,009	740,577	230,023	83,223	427,331
1983	169,413	113,350	764,815	233,522	85,697	445,596
1984	194,014	126,736	783,718	240,108	88,839	454,771
1985	208,574	135,901	808,549	246,878	92,465	469,206
1986	217,465	141,880	841,630	258,248	96,886	486,496
1987	231,870	150,252	867,132	271,330	100,689	495,113

[a] Permits as of July 1.
[b] Exclusive of itinerant and mail-order vendors.
[c] Consists of manufacturing, wholesaling, contracting, and miscellaneous outlets and itinerant and mail-order vendors.
Source: California State Board of Equalization.

TABLE 27
TAXABLE TRANSACTIONS IN CALIFORNIA BY TYPE OF BUSINESS, 1982–87
(Amounts in millions)

	1982	1983	1984	1985	1986 [d]	1987 [d]
Total, all outlets	$154,553	$169,413	$194,014	$208,574	$217,465	$231,870
Retail stores	102,009	113,350	126,736	135,901	141,880	150,252
Apparel stores	5,318	5,565	6,107	6,532	7,089	7,694
General merchandise and drug stores [a]	16,496	18,222	20,277	21,867	23,099	25,637
Specialty stores	11,214	12,813	14,642	15,636	16,298	18,321
Grocery stores [b]	10,302	11,018	11,832	12,490	12,810	12,483
Liquor stores	1,984	1,962	1,936	1,892	1,894	2,089
Eating and drinking places	13,338	14,533	16,038	17,221	18,182	19,538
Home furnishings and appliance stores	4,721	5,467	6,238	6,676	7,280	7,909
Farm and garden	2,115	2,239	2,504	2,545	2,649	2,863
Building materials	5,365	6,941	8,191	9,084	10,265	11,148
New car dealers	12,722	15,936	19,272	21,743	24,256	23,393
Automotive group [c]	18,433	18,654	19,699	20,215	18,058	19,178
Other						
Business and personal services	6,025	6,851	7,981	8,807	9,520	10,628
All other outlets	46,519	49,212	59,296	63,866	66,066	70,990

[a] Excludes exempt sales of prescription medicines.
[b] Excludes exempt sales of food for home consumption.
[c] Excludes new car dealers.
[d] Numbers independently rounded.
Source: California Board of Equalization.

TABLE 28
DEMAND AND TIME DEPOSITS, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–87
(Amounts in millions)

Year [a]	Demand Deposits [b]	Time and Savings Deposits [c]
1960	$12,954	$11,385
1961	14,232	12,851
1962	14,426	14,593
1963	14,939	16,042
1964	15,683	17,983
1965	15,232	20,109
1966	15,671	21,614
1967	17,492	23,762
1968	19,003	26,418
1969	19,989	23,513
1970	20,713	28,636
1971	22,463	33,699
1972	26,607	37,461
1973	28,060	42,789
1974	27,916	51,268
1975	30,682	54,635
1976	32,119	56,775
1977	37,516	63,494
1978	40,897	72,462
1979	44,951	77,008
1980	44,976	92,361
1981	42,675	109,633
1982	40,531	124,743
1983	45,544	133,137
1984	47,962	135,696
1985	54,449	139,017
1986	84,807	123,153
1987 [p]	74,882	122,156

[a] As of December call reports, not seasonally adjusted.
[b] For 1986 and thereafter includes total transaction accounts.
[c] For 1986 and thereafter includes total non-transaction accounts.
[p] Preliminary.
Source: Federal Reserve Bank of San Francisco.

TABLE 29
GROSS LOANS BY MAJOR CATEGORIES, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–87
(Amounts in millions)

Year [a]	Real estate loans	Commercial and industrial loans	Agricultural loans	Loans to individuals	Other	Total
1960	$5,181	$4,762	$509	$2,648	$1,223	$14,323
1961	5,358	5,122	592	2,769	1,313	15,154
1962	6,153	5,668	636	3,151	1,697	17,305
1963	7,027	6,009	716	3,634	2,376	19,762
1964	7,512	7,081	659	4,208	2,594	22,056
1965	7,974	8,284	748	4,686	2,661	24,353
1966	8,268	9,318	776	4,924	2,665	25,951
1967	8,485	10,112	803	5,126	2,697	27,223
1968	9,230	11,631	823	5,793	3,447	30,924
1969	9,545	12,276	866	6,045	3,706	32,439
1970	9,592	12,965	855	5,903	3,147	32,463
1971	10,871	13,682	990	6,659	4,193	36,395
1972	12,784	15,145	1,255	7,808	6,034	43,027
1973	15,607	18,831	1,559	8,846	7,056	51,899
1974	17,063	21,334	1,584	9,363	7,589	56,934
1975	16,724	20,156	1,614	10,023	7,121	55,637
1976	18,433	19,473	1,860	11,609	8,136	59,511
1977	23,648	21,635	2,019	14,637	8,470	70,409
1978	30,820	25,355	2,292	18,206	9,185	85,858
1979	39,088	30,260	2,655	22,080	8,741	102,824
1980	46,504	33,895	2,848	22,049	8,069	113,365
1981	52,291	39,502	3,345	21,982	11,780	128,900
1982	53,674	46,275	3,763	22,034	15,123	140,876
1983	54,448	48,845	4,136	23,900	18,140	149,469
1984	57,728	49,011	3,935	28,814	14,946	154,434
1985	61,602	49,297	3,377	33,455	16,768	164,499
1986	64,231	53,319	2,686	33,441	17,836	171,513
1987 [p]	69,277	50,261	2,475	30,535	13,104	165,652

Note: Individual figures may not add to totals due to rounding.
[a] As of December call reports except as noted.
[p] Preliminary.
Source: Federal Reserve Bank of San Francisco.

TABLE 30
LOANS AND SAVINGS CAPITAL, CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS,[a] 1960–87
(In millions)

Year	Mortgage Loans Closed During the Year	End of Year Mortgage Loans Outstanding	End of Year Savings Capital	Net New Savings During the Year[b]
1960	$2,955	$9,141	$8,885	n/a
1961	4,147	11,241	10,778	n/a
1962	5,590	13,941	13,339	n/a
1963	7,691	17,677	16,536	n/a
1964	7,137	20,529	19,300	n/a
1965	5,825	22,176	20,993	n/a
1966	2,953	22,477	21,215	$−610
1967	3,641	23,558	23,469	1,360
1968	3,914	25,154	24,283	−122
1969	3,845	26,780	23,889	−1,395
1970	3,517	28,250	25,040	115
1971	6,576	31,907	30,054	3,776
1972	8,809	37,199	35,660	4,114
1973	7,735	41,113	37,836	476
1974	6,413	43,758	39,359	−349
1975	10,689	49,100	47,147	5,565
1976	17,903	58,553	57,102	7,218
1977	24,888	70,734	66,918	6,480
1978	24,391	80,765	74,896	4,180
1979	25,574	92,512	84,166	4,814
1980	16,074	98,196	89,693	106
1981	10,504	107,866	96,163[c]	−5,815
1982	14,082	105,927	108,712[c]	1,281
1983	42,594	132,297	147,857[c]	29,205
1984	54,120	166,477	188,761[c]	28,457
1984	56,024[d]	159,562[e]	189,788[c]	28,355
1985	56,444[d]	173,076[e]	199,907[c]	−4,056
1986	84,949[d]	183,485[e]	218,132[c]	6,062
1987[p]	91,539[d]	207,306[e]	239,780[c]	9,808

[a] Insured (FSLIC) California savings institutions that are members of the Federal Home Loan Bank of San Francisco. For the periods covered by this table, these institutions have accounted for at least 99.5% of California savings institution assets. Since 1976 all California institutions are included.

[b] New savings received less withdrawals excludes interest credited to savings accounts.

[c] Includes data from branch offices outside of California.

[d] Not comparable to data reported through 1984, due to a change in reporting. When a loan is refinanced at the same institution that held the original loan, the total amount of the refinanced loan is reported. Formerly, only the net amount of additional financing was included.

[e] Not comparable to data reported through 1984 due to a change in reporting. Includes certain government-insured mortgages that were formerly excluded and excludes loans in process that were formerly included.

[p] Preliminary.

Source: Federal Home Loan Bank of San Francisco.

TABLE 31
SELECTED DATA ON FEDERALLY CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–86 [a]
(Dollar amounts in thousands)

Year [b]	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding
1960	1014	787,450	$383,723	$340,165	$313,245
1961	1056	852,214	441,302	393,828	347,402
1962	1081	927,654	511,824	453,316	409,969
1963	1106	1,015,808	601,294	533,445	473,297
1964	1128	1,102,380	699,250	618,385	550,150
1965	1142	1,192,932	785,707	693,993	636,454
1966	1185	1,309,746	861,285	753,300	718,046
1967	1209	1,407,640	946,456	834,393	768,772
1968	1225	1,492,051	1,055,097	923,136	883,881
1969	1255	1,585,602	1,191,712	1,034,749	1,024,828
1970	1249	1,181,164	1,360,754	1,181,164	1,109,716
1971	1225	1,746,653	1,626,494	1,436,952	1,267,686
1972	1232	1,871,287	1,928,350	1,715,276	1,471,791
1973	1239	2,045,500	2,272,202	1,987,138	1,758,048
1974	1230	2,282,543	2,737,187	2,367,268	2,106,113
1975	1208	2,445,115	3,403,739	2,994,889	2,498,064
1976	1189	2,683,441	4,185,397	3,668,616	3,150,913
1977	1164	2,995,904	5,374,256	4,613,661	4,119,205
1978	1143	3,421,378	6,374,125	5,408,209	5,110,916
1979	1108	3,682,794	6,616,630	5,737,523	4,994,833
1980	1057	3,968,900	6,950,809	6,286,440	4,410,825
1981	980	4,159,003	6,826,930	6,158,178	4,365,916
1982	906	4,446,793	7,275,638	6,631,732	4,420,910
1983	850	3,975,086	8,684,128	7,999,116	5,202,513
1984	814	3,990,110	10,847,424	9,533,799	6,448,805
1985	790	5,967,495	16,205,219	15,214,141	10,499,988
1986	766	4,307,160	15,211,422	14,011,223	8,889,415

[a] Regulated by the National Credit Union Administration.
[b] As of December 31st.
Source: California Department of Corporations.

TABLE 32
SELECTED DATA ON STATE CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–86
(Dollar amounts in thousands)

Year [a]	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding	Real estate loans outstanding
1960	568	573,548	$304,885	$263,793	$266,374	$41,676
1961	573	630,121	350,725	308,711	296,058	44,724
1962	578	675,287	396,343	343,890	340,125	47,736
1963	582	709,911	448,963	394,587	382,766	44,573
1964	597	788,816	513,302	449,214	437,040	53,971
1965	587	828,389	577,007	496,601	500,689	54,874
1966	623	889,636	639,154	549,351	568,782	64,561
1967	636	955,166	712,321	617,575	613,189	64,600
1968	626	1,006,190	795,758	684,727	696,891	83,837
1969	623	1,077,259	891,033	772,482	788,420	94,154
1970	631	1,139,372	998,764	868,721	858,839	101,161
1971	599	1,182,550	1,152,210	1,004,478	976,271	102,925
1972	590	1,248,463	1,330,711	1,160,215	1,105,569	110,489
1973	596	1,296,105	1,511,003	1,316,539	1,287,143	146,789
1974	591	1,312,193	1,615,949	1,420,664	1,396,985	185,955
1975	587	1,341,288	1,935,507	1,710,369	1,621,089	224,553
1976	576	1,503,437	2,232,994	2,057,351	1,991,402	297,474
1977	556	1,601,603	2,851,789	2,504,181	2,453,162	408,251
1978	534	1,678,279	3,261,776	2,842,131	2,903,915	607,752
1979	493	1,825,160	3,535,214	2,877,833	3,065,665	598,067
1980	478	1,973,513	3,798,533	3,189,679	2,977,642	615,902
1981	450	1,975,104	3,794,317	3,221,836	3,011,722	655,907
1982	417	1,921,032	3,788,929	3,351,392	2,710,921	607,421
1983	397	2,040,746	4,761,669	4,258,249	3,286,588	650,527
1984	376	2,010,832	5,439,894	4,885,542	4,088,618	855,287
1985	360	2,074,771	6,384,522	5,854,804	4,568,946	983,565
1986	345	2,122,970	7,699,129	7,094,187	5,247,434	1,374,204

[a] As of December 31st.
Source: California Department of Corporations. Report of State Chartered Credit Unions.

TABLE 33
SELECTED DATA ON FINANCE COMPANIES IN CALIFORNIA, 1971–86 [a]
(Dollar amounts in thousands)

Year [b]	Number of loans made	Total principal amount of loans made	Consumer loans under $10,000 and commercial loans under $5,000		Consumer loans of $10,000 or more and commercial loans of $5,000 or more
			Secured by personal property	Secured by personal property and real property	
1971	1,170,013	$1,897,472	$1,153,541	$54,150	$689,781
1972	1,210,311	1,973,792	1,268,113	62,418	643,261
1973	1,202,884	2,424,236	1,344,871	90,028	989,337
1974	1,024,276	2,403,516	1,212,864	111,590	1,079,062
1975	883,047	2,234,827	1,114,707	156,257	963,863
1976	995,459	2,756,599	1,287,307	212,665	1,256,627
1977	1,073,690	3,047,796	1,393,534	224,676	1,429,586
1978	1,141,163	3,562,541	1,530,849	189,625	1,842,064
1979	1,097,742	5,265,756	1,408,269	182,030	3,675,457
1980	644,632	3,925,512	857,357	187,819	2,880,336
1981	424,672	4,754,757	532,610	203,507	4,018,640
1982	372,192	4,034,562	556,396	125,110	3,353,056
1983	462,319	5,946,563	790,603	104,839	5,051,121

	Number of loans made	Total principal amount of loans made	Consumer and commercial loans over $5,000		Consumer loans under $5,000
			Secured by personal property	Secured by personal property and/or real property	
1984 [c]	713,094	$9,871,291	$5,403,132	$3,388,735	$1,079,424
1985	939,829	10,772,085	2,749,887	7,319,781	1,253,371
1986	806,792	15,946,053	6,460,085	8,450,462	1,144,000

[a] Finance companies are licensed under the Personal Property Brokers Law, the Consumer Finance Lender Law, and/or the Commercial Finance Lenders Law.
[b] Data refers to loans made during each year.
[c] In 1984 the categories for reporting loans changed due to changes in regulations about types of security.
Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 34

SELECTED DATA ON INDUSTRIAL LOAN COMPANIES IN CALIFORNIA, 1971–86 [a]

(Dollar amounts in thousands)

Year	Total asset [b]	Investment certificates [c]	Consumer loans		Commercial loans		Premium finance agencies	
			Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made [c]
1971	$456,632	$307,393	170,330	$328,597 [d]	—	—	75,242	$66,540
1972	523,969	344,209	199,737	381,595 [d]	—	—	78,681	75,623
1973	542,939	381,150	189,278	358,728 [d]	—	—	79,893	80,971
1974	560,343	420,069	179,473	351,119	1,359	$17,987	81,645	86,655
1975	613,119	475,922	166,339	361,887	1,453	20,651	79,804	107,310
1976	687,399	537,212	202,104	428,453	25,467 [e]	106,897	19,057	43,303
1977	772,406	608,832	209,259	451,880	28,277	144,528	14,206	48,853
1978	875,928	678,918	209,884	509,688	30,320	175,828	17,849	63,160
1979	1,007,766	766,963	197,740	549,796	33,894	185,920	18,822	74,328
1980	1,120,406	857,038	155,747	448,205	39,367	231,007	22,521	85,678
1981	1,262,858	963,275	97,141	377,766	4,214 [f]	119,556	29,884	100,693
1982	1,630,687	1,266,241	114,501	513,202	4,020	165,059	22,964	101,072
1983	2,035,330	1,621,750	140,240	609,720	4,421	207,448	26,399	98,180
1984	2,325,240	1,896,856	94,777	558,180	4,612	223,684	21,843	110,495
1985	2,508,680	2,032,165	103,964	562,957	7,347	274,318	28,582	305,328
1986	2,677,784	2,172,610	107,620	651,828	3,046	210,821	29,669	420,856

[a] Industrial loan companies are licensed lenders who are exempt from the usury law and who make unsecured and secured loans. This schedule does not include mortgage bankers licensed under the Industrial Loan Law.

[b] As of December 31st. Total assets restated to include thrift companies, non-thrift companies and premium finance agencies.

[c] Data refers to loans made during each year.

[d] Includes commercial loans.

[e] Insurance premium finance company was reclassified as a thrift.

[f] Loans secured by insurance premiums were removed from non-consumer loans and reclassified.

Source: California Department of Corporation, Annual Reports for California Consumer Finance Laws.

TABLE 35

SUMMARY OF STATE TAX COLLECTIONS, 1960–61 TO 1988–89

(Excluding departmental, interest and miscellaneous revenue)

Fiscal year	State tax collections			Taxes per capita [a]			Taxes per $100 of personal income [b]		
	General fund (thousands)	Special funds (thousands)	Total (thousands)	General fund	Special funds	Total	General fund	Special funds	Total
Cash basis									
1960–61	$1,537,347	$656,815	$2,194,162	$96.91	$41.41	$138.32	$3.55	$1.52	$5.07
1961–62	1,645,300	669,267	2,314,567	100.25	40.78	141.03	3.60	1.47	5.07
1962–63	1,791,038	711,185	2,502,223	105.66	41.96	147.62	3.65	1.45	5.09
1963–64	2,057,962	813,937	2,871,900	117.40	46.43	163.83	3.92	1.55	5.47
1964–65	2,161,157	931,958	3,093,115	119.89	51.70	171.59	3.81	1.64	5.45
1965–66	2,398,958	971,625	3,370,582	129.93	52.62	182.55	3.95	1.60	5.55
1966–67	2,422,275	993,277	3,415,552	128.63	52.75	181.38	3.68	1.51	5.18
Accrual basis [c]									
1966–67	2,746,888	1,091,387	3,838,275	145.87	57.96	203.83	4.17	1.66	5.83
1967–68	3,557,610	1,118,311	4,675,921	185.55	58.31	243.86	5.03	1.58	6.61
1968–69	3,962,520	1,210,229	5,172,748	203.94	62.27	266.21	5.12	1.56	6.68
1969–70	4,125,607	1,283,258	5,408,865	208.96	64.98	273.94	4.66	1.45	6.11
1970–71	4,290,263	1,308,350	5,598,613	214.08	65.33	279.41	4.51	1.38	5.89
1971–72	5,212,693	1,385,863	6,598,555	256.22	68.12	324.34	5.17	1.37	6.54
1972–73	5,758,266	1,470,905	7,229,171	279.72	71.46	351.18	5.22	1.33	6.55
1973–74	6,379,476	1,497,588	7,877,064	305.67	71.78	377.45	5.24	1.23	6.47
1974–75	8,045,039	1,529,459	9,574,497	379.95	72.21	452.16	5.91	1.12	7.03
1975–76	9,068,903	1,641,174	10,710,077	421.07	76.19	497.26	6.06	1.09	7.15
1976–77	10,780,867	1,744,013	12,524,880	491.48	79.50	570.98	6.43	1.04	7.47
1977–78	12,951,613	1,874,714	14,826,327	579.46	83.84	663.30	6.92	1.00	7.92
1978–79	14,187,549	2,013,879	16,201,427	621.30	88.15	709.45	6.60	0.94	7.54
1979–80	16,860,019	2,197,397	19,057,417	724.94	94.47	819.41	6.89	0.89	7.78
1980–81	17,808,092	2,191,849	19,999,941	748.86	92.18	841.04	6.45	0.80	7.25
1981–82	19,109,448	2,446,637	21,556,085	787.51	100.85	888.36	6.19	0.79	6.98
1982–83	19,578,803	2,796,214	22,375,017	790.02	112.82	902.84	5.97	0.85	6.82
1983–84	22,308,528	3,376,907	25,685,435	881.50	133.40	1,014.90	6.33	0.96	7.29
1984–85	25,514,709	3,522,886	29,037,595	989.72	136.66	1,126.38	6.56	0.90	7.46
1985–86	26,981,981	3,933,876	30,915,857	1,023.67	149.26	1,172.93	6.38	0.93	7.31
1986–87	31,330,525	4,036,980	35,367,505	1,161.22	149.63	1,310.85	6.87	0.88	7.75
1987–88 [d]	31,319,500	4,275,390	35,594,890	1,132.18	154.55	1,286.74	6.33	0.86	7.20
1988–89 [d]	34,792,000	4,476,435	39,268,435	1,237.80	159.26	1,397.06	6.52	0.84	7.36

[a] Per Capita computations are based on July 1 populations estimates.

[b] Taxes per $100 personal income computed using calendar year personal income e.g. 1967 income related to 1967–68 tax collections.

[c] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning in 1973–74, accounts receivable only are accrued.

[d] Estimated (May, 1988 Revision).

Data may not add due to rounding.

Source: California Department of Finance.

TABLE 36
COMPARATIVE YIELD OF STATE TAXES, 1960–61 TO 1988–89
(In thousands)

Fiscal year	Sales and Use	Personal Income	Bank and Corporation [a]	Cigarette	Inheritance and Gift [b]	Insurance	Distilled Spirits	Horse Racing	Beer and Wine	Motor Vehicle Fuel [c]	Motor Vehicle Fees [d]
Cash basis											
1960–61	$711,702	$269,103	$272,718	$66,024	$76,803	$66,745	$41,274	$37,260	$9,704	$350,801	$264,842
1961–62	749,523	299,034	290,870	66,054	76,012	71,699	45,418	38,311	10,495	363,771	274,906
1962–63	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	10,659	386,215	298,356
1963–64	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	11,299	450,195	329,584
1964–65	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	12,422	542,822	353,607
1965–66	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	12,606	551,108	382,656
1966–67	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	13,751	548,287	405,061
Accrual basis [e]											
1966–67	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,964	643,698	405,061
1967–68	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	13,196	581,127	437,918
1968–69	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1969–70	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	496,992
1970–71	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,202
1971–72	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,845
1972–73	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1973–74	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1974–75	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1975–76	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1976–77	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1977–78	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,410
1978–79	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	112,856	25,137	896,591	1,021,856
1979–80	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,002	26,183	852,752	1,096,640
1980–81	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	115,191	129,779	27,669	839,994	1,127,293
1981–82	7,689,023	7,483,007	2,648,735	267,824	482,300	454,984	111,151	119,626	28,372	833,446	1,373,354
1982–83	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	108,519	120,159	27,690	928,633	1,614,993
1983–84	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	107,983	141,001	29,450	1,213,167	1,906,290
1984–85	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	105,952	133,814	29,834	1,159,637	2,137,326
1985–86	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	102,370	131,592	29,892	1,194,172	2,515,295
1986–87	10,904,022	13,922,074	4,800,843	255,075	273,090	1,008,804	100,641	132,872	30,647	1,249,586	2,689,851
1987–88 [f]	11,680,000	13,000,000	4,790,000	249,900	305,000	1,152,000	97,700	130,250	31,100	1,269,860	2,889,080
1988–89 [f]	12,594,055	14,615,000	5,525,000	247,500	323,000	1,356,000	96,400	133,750	31,700	1,299,850	3,046,180

[a] Includes the corporation income tax.
[b] Proposition 6 repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit effective for decedents dying on or after June 8, 1982.
[c] Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.
[d] Registration and weight fees, motor vehicle license fees and other fees.
[e] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning with 1973–74, accounts receivable only are accrued.
[f] Estimated (May, 1988 Revision).
Source: California Department of Finance.

TABLE 37

ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES AND AVERAGE TAX RATE IN CALIFORNIA, 1960–61 to 1987–88

Year	Assessed value [b]		Tax levies [a]		Average tax rate	
	Amount (in thousands)	Percent change from preceding year	Amount (in thousands)	Percent change from preceding year	Dollars per $100 assessed value	Percent change from preceding year
1960–61	29,600,832	7.9	2,195,588	10.3	7.42	2.2
1961–62	31,549,630	6.6	2,414,617	10.0	7.65	3.1
1962–63	33,326,914	5.6	2,606,131	7.9	7.82	2.2
1963–64	35,066,088	5.2	2,805,152	7.6	8.00	2.3
1964–65	36,743,364	4.8	3,057,579	9.0	8.32	4.0
1965–66	39,464,013	7.4	3,367,736	10.1	8.53	2.5
1966–67	42,522,365	7.7	3,758,481	11.7	8.84	3.6
1967–68	46,186,881	8.6	4,110,742	9.3	8.90	0.7
1968–69	48,653,400	5.3	4,569,986	11.2	9.39	5.5
1969–70	52,115,409	7.1	4,935,475	8.0	9.92	5.6
1970–71	55,580,735	6.6	5,721,672	15.9	10.86	9.4
1971–72	58,785,243	5.8	6,372,331	11.5	11.43	5.3
1972–73	62,790,656	6.8	6,819,609	7.0	11.44	0.1
1973–74	67,277,649	7.1	6,647,769	−2.5	11.15	−2.5
1974–75	74,298,823	10.4	7,383,411	11.0	11.24	0.8
1975–76	82,691,658	11.3	8,304,125	12.5	11.33	0.8
1976–77	93,716,623	13.3	9,376,391	12.9	11.20	−1.2
1977–78	106,694,452	13.8	10,276,725	9.7	10.68	−4.6
1978–79 [c]	116,736,826	9.4	5,635,715	−45.2	5.37	−49.7
1979–80	132,820,831	13.8	5,661,081	0.4	4.69	−1.5
1980–81	144,739,438	17.9 [d]	6,360,276	12.4	4.63	−1.3
1981–82	657,927,501 [e]	13.6 [e]	7,185,005	13.0	1.144	−1.2
1982–83	737,111,920	12.0	8,007,037	11.4	1.131	−1.1
1983–84	797,370,474	8.2	8,634,771	7.8	1.126	−0.4
1984–85	878,738,713	10.2	9,437,483	9.3	1.113	−1.2
1985–86	968,620,180	10.2	10,274,050	8.9	1.096	−1.5
1986–87	1,058,686,538	9.3	11,125,581	8.3	1.083	−1.2
1987–88	1,165,057,481	10.0	n/a	n/a	n/a	n/a

[a] Excludes reimbursements to local government for homeowners' exemption and business inventory exemption.

[b] Includes the homeowners' exemption ($750 of assessed value from 1969–70 to 1972–73; $1,750 from 1973–74 to 1980–81; and $7,000 beginning in 1981–82). For 1985–86, the homeowners' exemption accounted for $30,208,543 of assessed value. The business inventory exemption (15% of assessed value in 1969–70; 30% during 1970–71 to 1972–73; 45% in 1973–74; and 50% from 1974–75 to 1979–80) was also included until 1980–81. Beginning in 1980–81, business inventories became totally exempt and were no longer enrolled.

[c] The revised amount of taxes includes unsecured levies based on the 1977–78 tax rate on secured property. Some counties did not levy at these rates until a 1980 California Supreme Court decision clarified the proper 1978–79 tax rate applicable to unsecured property.

[d] Business inventories became totally exempt effective on the 1980–81 property tax rolls. The 1980–81 percent change from the preceding year was computed by excluding from the 1979–80 assessed value both the taxable and exempt value of business inventories.

[e] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82. The percent change was computed "after factoring the 1980–81 valuations to 100 percent of value.

n/a Not available.

Source: California State Board of Equalization.

TABLE 38

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1986–87

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d]	
						1986–87	1985–86
Alameda	$117,599	$153,155	$119,836	$114,693	$505,283	1.163%	1.200%
Alpine	0	1,026	349	152	1,527	1.060	1.057
Amador	466	5,108	5,572	281	11,427	1.024	1.038
Butte	4,216	11,770	29,137	6,938	52,061	1.041	1.048
Calaveras	90	4,012	8,145	2,192	14,439	1.085	1.092
Colusa	489	4,094	5,702	923	11,208	1.037	1.042
Contra Costa	42,311	95,505	126,868	117,259	381,943	1.097	1.144
Del Norte	96	1,469	2,542	677	4,784	1.041	1.036
El Dorado	3,493	16,781	19,466	11,087	50,827	1.045	1.075
Fresno	28,898	62,168	86,886	27,843	205,795	1.074	1.072
Glenn	759	3,595	5,982	634	10,970	1.052	1.050
Humboldt	1,747	12,070	15,471	4,923	34,211	1.051	1.069
Imperial	3,442	10,176	15,107	2,480	31,205	1.061	1.062
Inyo	237	3,955	5,689	990	10,871	1.040	1.046
Kern	16,456	118,149	134,555	33,344	302,504	1.024	0.965
Kings	1,972	10,706	8,605	2,383	23,666	1.039	1.029
Lake	737	9,253	11,371	4,299	25,660	1.028	1.004
Lassen	326	2,245	4,632	594	7,797	1.053	1.051
Los Angeles	569,605	1,249,592	669,672	538,666	3,027,535	1.081	1.092
Madera	1,254	8,636	18,494	2,017	30,401	1.051	1.054
Marin	16,288	35,129	51,011	21,147	123,575	1.032	1.044
Mariposa	0	1,942	3,551	354	5,847	1.000	1.003
Mendocino	896	12,089	13,462	2,016	28,463	1.098	1.096
Merced	3,974	18,555	19,938	4,720	47,187	1.005	1.046
Modoc	181	1,787	2,675	307	4,950	1.034	1.034
Mono	428	4,707	4,045	3,277	12,457	1.052	1.064
Monterey	12,136	33,277	59,584	17,014	122,011	1.028	1.036
Napa	5,085	13,579	23,266	3,812	45,742	1.051	1.059
Nevada	1,003	9,103	15,741	6,273	32,120	1.042	1.053
Orange	133,539	202,755	556,583	233,451	1,126,328	1.111	1.136
Placer	4,261	21,030	34,143	11,479	70,913	1.046	1.056
Plumas	139	3,713	7,757	1,728	13,337	1.010	1.010
Riverside	28,271	95,921	137,971	101,621	363,784	1.107	1.127
Sacramento	34,242	107,121	87,042	64,959	293,364	1.074	1.093
San Benito	606	2,565	6,903	2,546	12,620	1.106	1.158
San Bernardino	36,782	104,075	122,262	123,983	387,102	1.117	1.143
San Diego	127,507	212,764	439,426	84,775	864,472	1.064	1.072
San Francisco	0	339,576	34,303	24,177	398,056	1.113	1.140

TABLE 38—Continued

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1986–87

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d]	
						1986–87	1985–86
San Joaquin	17,829	51,455	43,550	18,066	130,900	1.045	1.053
San Luis Obispo	8,207	37,247	59,746	6,119	111,319	1.067	1.073
San Mateo	44,044	81,384	162,487	36,952	324,867	1.027	1.029
Santa Barbara	9,143	43,346	71,650	24,176	148,315	1.022	1.051
Santa Clara	89,767	185,512	360,451	124,023	759,753	1.114	1.144
Santa Cruz	6,753	22,509	43,141	11,296	83,699	1.042	1.064
Shasta	3,778	12,661	27,898	4,865	49,202	1.079	1.084
Sierra	46	1,361	539	243	2,189	1.014	1.012
Siskiyou	1,180	5,427	7,551	842	15,000	1.012	1.021
Solano	17,209	30,960	28,590	17,967	94,726	1.134	1.138
Sonoma	13,220	52,602	73,885	14,925	154,632	1.066	1.068
Stanislaus	8,160	23,679	55,632	4,907	92,378	1.034	1.041
Sutter	1,844	7,523	10,760	2,121	22,248	1.034	1.036
Tehama	994	5,455	7,797	556	14,802	1.056	1.056
Trinity	0	1,755	2,702	287	4,744	1.042	1.033
Tulare	5,539	30,559	30,924	5,841	72,863	1.034	1.041
Tuolumne	243	6,989	9,167	1,288	17,687	1.037	1.048
Ventura	19,760	75,358	102,590	71,300	269,008	1.093	1.098
Yolo	7,219	13,736	19,149	5,170	45,274	1.095	1.110
Yuba	789	5,962	7,083	1,699	15,533	1.095	1.104
TOTAL	$1,455,255	$3,698,633	$4,039,036	$1,932,657	$11,125,581	1.083%	1.096%

[a] The county levies at a rate of $1.00 per $100 of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded is the following amount of state reimbursement to local governments: homeowners, $338,855,000.

[b] County levies for school purposes, such as junior college tuition and countywide school levies, are included with school levies.

[c] Includes debt levies on land and/or improvements only. Also includes the portion of the $1.00 levy allocated to jurisdictions previously taxing less than total property, i.e., land only or land and improvements only.

[d] Computed by dividing total levies by the assessed value and multiplying by 100.

Source: California State Board of Equalization.

TABLE 39
TRAVEL GENERATED IMPACT, BY COUNTY, 1986
(Dollars in millions)

County	Travel Expenditures	Payroll	Employment (thousands)	Tax receipts	
				Local	State
Alameda	$1,025.2	$214.4	18.1	$21.7	$41.6
Alpine	13.9	2.4	0.3	0.3	0.6
Amador	27.2	4.6	0.6	0.4	1.3
Butte	73.7	13.3	1.8	1.1	3.1
Calaveras	32.2	5.3	0.7	0.3	1.6
Colusa	11.8	2.2	0.3	0.2	0.5
Contra Costa	491.6	94.8	9.9	8.6	20.5
Del Norte	52.1	9.5	1.3	0.7	2.2
El Dorado	273.8	47.1	5.2	6.9	11.6
Fresno	322.7	58.2	6.9	6.4	13.3
Glenn	15.4	2.8	0.4	0.2	0.6
Humboldt	112.5	19.4	2.4	2.2	4.6
Imperial	63.4	11.3	1.4	1.1	2.9
Inyo	57.4	10.6	1.5	1.4	2.6
Kern	303.9	53.1	6.4	5.9	12.5
Kings	30.8	5.6	0.8	0.4	1.3
Lake	42.3	8.0	1.0	0.6	1.8
Lassen	18.0	3.1	0.4	0.2	0.8
Los Angeles	5,243.7	1,063.7	85.1	148.9	199.0
Madera	47.2	8.4	1.1	0.6	2.0
Marin	139.0	27.3	2.3	2.9	5.7
Mariposa	123.3	20.2	2.4	2.6	5.3
Mendocino	120.5	20.6	2.7	2.6	4.8
Merced	77.9	15.1	2.0	1.2	3.3
Modoc	13.6	2.2	0.4	0.2	0.7
Mono	124.5	22.6	2.2	2.8	5.3
Monterey	684.5	126.7	12.1	21.4	26.2
Napa	166.3	33.0	3.4	4.8	6.5
Nevada	56.0	10.6	1.3	0.9	2.6
Orange	1,991.7	410.3	37.5	51.9	72.5
Placer	142.6	25.3	2.8	3.2	6.2
Plumas	34.8	6.0	0.7	0.5	1.7
Riverside	1,017.0	202.1	19.6	21.9	40.4
Sacramento	498.0	92.5	10.1	11.4	20.4
San Benito	20.9	4.1	0.5	0.2	0.9
San Bernardino	600.4	110.1	12.9	10.8	24.3
San Diego	2,235.7	454.5	44.6	49.4	83.6
San Francisco	2,179.1	469.9	32.5	77.6	78.5
San Joaquin	179.3	31.8	3.8	2.9	7.5
San Luis Obispo	323.8	68.1	8.3	6.5	13.2
San Mateo	680.4	137.0	10.0	17.9	25.6
Santa Barbara	461.6	90.2	9.5	12.4	18.2

TABLE 39—Continued
TRAVEL GENERATED IMPACT, BY COUNTY, 1986
(Dollars in millions)

County	Travel Expenditures	Payroll	Employment (thousands)	Tax receipts	
				Local	State
Santa Clara	$1,426.9	$275.2	27.0	$35.8	$55.6
Santa Cruz	230.0	45.5	5.1	5.4	8.4
Shasta	111.1	19.5	2.4	2.1	5.0
Sierra	17.9	3.0	0.4	0.2	0.9
Siskiyou	49.0	7.9	1.0	0.8	2.2
Solano	122.0	21.4	2.5	2.1	5.1
Sonoma	437.5	82.4	8.7	6.2	18.8
Stanislaus	128.6	23.6	2.9	2.0	5.4
Sutter	25.7	4.8	0.6	0.4	1.1
Tehama	25.4	4.5	0.6	0.4	1.2
Trinity	17.9	3.0	0.4	0.2	0.9
Tulare	149.6	25.7	3.2	2.5	6.3
Tuolume	55.7	9.3	1.1	0.9	2.6
Ventura	345.8	67.7	7.3	6.9	13.4
Yolo	78.7	14.4	1.7	1.6	3.2
Yuba	27.8	5.0	0.6	0.3	1.2
CALIFORNIA	$23,379.4	$4,630.7	432.5	$582.1	$909.5

Source: Dean Runyan Associates
California Department of Commerce

NOTES